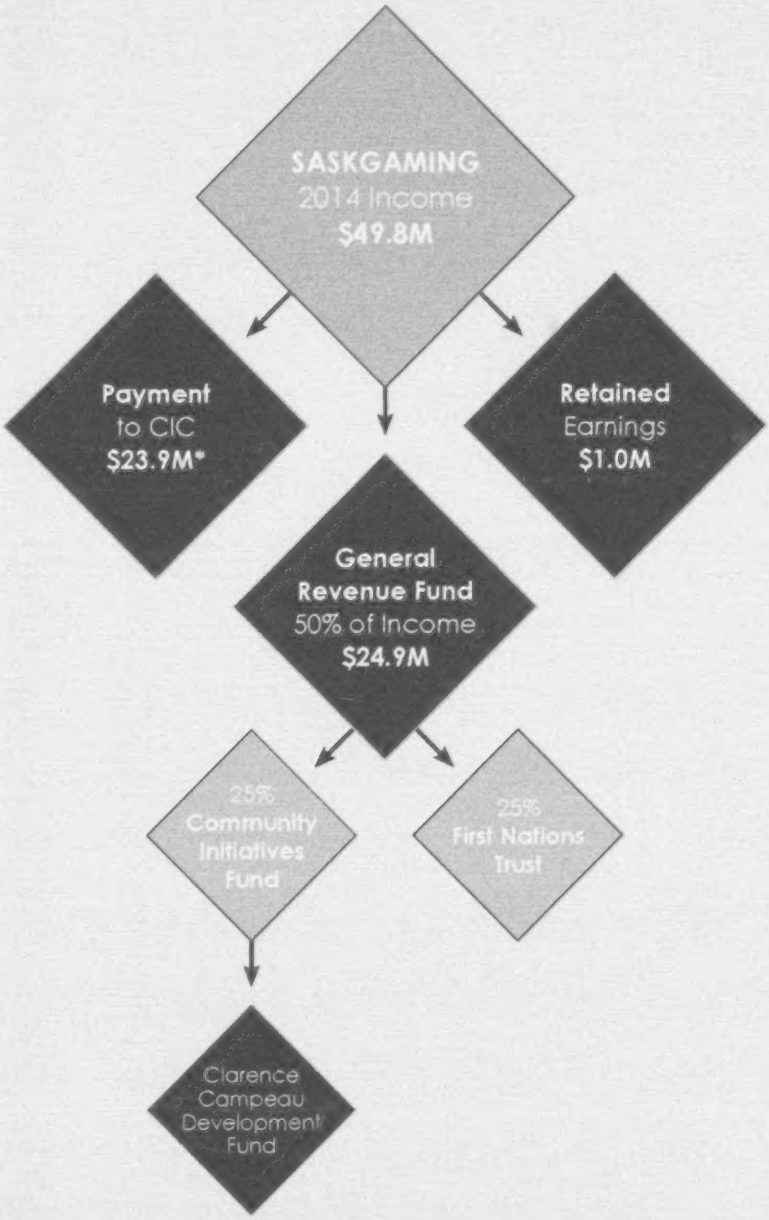
SaskGaming

2014 ANNUAL REPORT

Next ▶

PROFIT SHARING

SaskGaming's profits support communities and organizations throughout Saskatchewan, with half of our net income paid to the General Revenue Fund each year to support the provincial government's commitment to the First Nations Trust and the Community Initiatives Fund. See page 49 for details.



* SaskGaming's dividend payment to CIC is set each year at a percentage of the corporation's net income. In 2014, dividend payment was $19.9M and equity repayment was $4.0M.

OPERATIONAL HIGHLIGHTS

TOTAL GUEST COUNT	**3,540,385**
Casino Regina	2,882,895
Casino Moose Jaw	657,490
GUEST SATISFACTION	80.1%
MYSTERY SHOPPER	95.9%
GUEST OPINION ABOUT SAFETY ON PREMISES	86.4%

FINANCIAL HIGHLIGHTS

($ MILLIONS)

REVENUE
$128 MILLION

EXPENSES
$78.2 MILLION

INCOME
BEFORE PAYMENT TO THE GRF
$49.8 MILLION

PAYMENT
TO THE GRF
$24.9 MILLION

DIVIDEND DECLARED TO CROWN INVESTMENTS CORPORATION
$19.9 MILLION

SaskGaming provided **$538,544 in donations, sponsorships and in-kind support** to 93 organizations, projects and events in the communities where we operate. 26.5 per cent supported Aboriginal people and programs.

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Vision, Mission and Values

Vision

SaskGaming is the recognized leader in providing gaming entertainment in Saskatchewan.

Mission

We offer outstanding gaming entertainment for our guests in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

Values

- **Respect** - We embrace diverse backgrounds. People matter and we treat everyone as we expect to be treated.
- **Integrity** - We are honest, fair and honour our commitments. We accept responsibility for our actions, both personally and professionally.
- **Passion** - We feel strongly about achieving our goals and it shows in our enthusiasm for everything we say and do.
- **Innovation** - We are committed to continuously improve our products, processes, skills and knowledge. To remain competitive, we continually improve all aspects of the business.

Letter of Transmittal

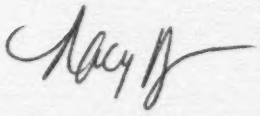
Regina, Saskatchewan
February 26, 2015

To Her Honour,
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Gaming Corporation for the year ended December 31, 2014, in accordance with *The Saskatchewan Gaming Corporation Act*. The financial statements are in the form approved by the Treasury Board, and duly certified by auditors for the Saskatchewan Gaming Corporation.

Respectfully submitted,



Honourable Nancy Heppner
Minister Responsible for Saskatchewan Gaming Corporation

Message from the Minister

On behalf of Premier Brad Wall and the Government of Saskatchewan, I am pleased to present the Saskatchewan Gaming Corporation 2014 Annual Report.

SaskGaming continues to deliver an "Always Entertaining" experience to its guests while also taking care to manage its operations efficiently. In 2014 SaskGaming's income before payment to the General Revenue Fund (GRF) hit an impressive $49.8 million, proof that casino gaming remains a profitable venture.

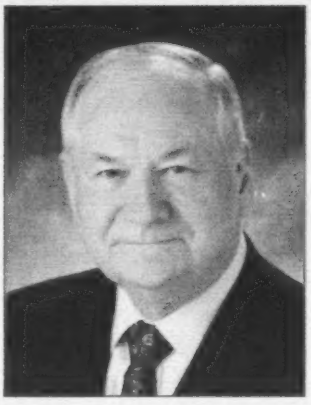
SaskGaming makes it a priority to foster a culture of diversity and inclusiveness at its casinos. With a workforce of approximately 800, over 40 per cent of whom are of Aboriginal descent, the corporation is considered an employer of choice for First Nations and Métis people. This reputation is key to SaskGaming's role in meeting the Saskatchewan Plan for Growth objectives of promoting multiculturalism; providing training opportunities and transitioning more First Nations and Métis people into meaningful jobs.

I want to commend all SaskGaming employees, management and the Board of Directors for their contributions to the corporation. It is thanks to your leadership, dedication, hard work and innovation that SaskGaming has exceeded expectations in 2014 and is contributing to a strong and prosperous Saskatchewan.

Respectfully submitted,

Honourable Nancy Heppner
Minister Responsible for Saskatchewan Gaming Corporation

Message from the Chair



In 2014, SaskGaming refocused its efforts and worked hard to mitigate the financial challenges it has faced in recent years. I'm pleased to share that this work has been rewarded and the result is a solid financial contribution for the benefit of the province of Saskatchewan.

In addition to its contribution to the General Revenue Fund, SaskGaming provided over $538,000 in donations, sponsorships and in-kind support to 93 organizations, projects and events in an effort to enhance the quality of life for Saskatchewan people and communities. SaskGaming's focus on supporting Aboriginal communities and organizations remains a priority. In 2014, 26.5 per cent of SaskGaming's overall Community Relations budget was directed to organizations whose mission is to support Aboriginal people. A further $10,500 in scholarships were awarded to Aboriginal people in 2014.

The support for Aboriginal people and communities extends to the corporation's employees. Over 40 per cent of SaskGaming's workforce is of Aboriginal descent, making the corporation a leader in employment diversity in the public sector.

The Canadian gaming market continues to mature, and sound, strategic management is required to navigate this environment. By introducing new games, delivering excellent guest service and reinvesting in our properties, I believe that SaskGaming is achieving its goal of corporate sustainability.

On behalf of the Board of Directors, I want to take this opportunity to recognize the significant efforts of Ron Bruck, who left the Board in 2014. His contributions to the corporation were valuable and have had a positive impact on SaskGaming. I'm also pleased to welcome Danah Hysuick, who joined the Board in February 2014.

Finally, I extend a thank you and congratulations to the management and staff at Casinos Regina and Moose Jaw for their commitment and hard work over the past year. Together, you have achieved or exceeded the majority of our corporate goals with the ultimate aim of providing economic benefits and quality employment to the people of our province.

Wes Becker
Chair of the Board of Directors

Message from the President and CEO

While the corporation continued to face the challenges of a mature market in 2014, the results we produced prove that SaskGaming is still a strong, profitable business that generates significant profit for the people of Saskatchewan. The corporation achieved a net income before payment to the General Revenue Fund of $49.8 million. This represents an increase of 21.2 per cent from the $41.1 million attained in 2013. Given the market conditions in which SaskGaming operates, this result is remarkable.

The past year was all about focusing on our core business and providing excellent guest service at Casinos Regina and Moose Jaw. Our Mystery Shopper Program focuses on evaluating staff interactions with guests based on our internal service standards, and thanks to our staff's commitment to outstanding guest service, we achieved some of the best Mystery Shopper Scores we've ever received. I'm proud of how the staff at SaskGaming have stepped up to deliver on our back-to-basics philosophy. Their dedication to delivering an outstanding guest experience will help ensure the continued success of Casinos Regina and Moose Jaw in the future.

Exceeding the expectations of our guests is our top priority, so we are always refreshing our products, services and properties to better meet their needs. In 2014, this meant listening to our guests and acting on their suggestions, which covered a wide range of areas. From the number of penny slot machines to increasing the security presence in our parking lots, their feedback has been valuable and led to positive changes at SaskGaming.

We also refocused our efforts on improving the employee experience in 2014. We conducted our bi-annual employee satisfaction survey and the results helped management identify areas in which we are succeeding and where improvement is needed. We then developed a comprehensive action plan to improve the employee experience, which we will continue to implement in 2015.

2014 marked the first anniversary of GameSense at SaskGaming. GameSense is an internationally-recognized responsible gambling program that helps SaskGaming deliver on its commitment to providing its guests with information and education about the casino environment so they can make informed, responsible choices. In its first year at our properties, GameSense has helped our responsible gambling team achieve that goal. The program has successfully engaged thousands of guests at Casinos Regina and Moose Jaw through fun events, interactive kiosks and of course our friendly team of GameSense Advisors.

I'd like to thank our Board of Directors for their efforts and guidance this year, and over my entire tenure as President and CEO. My heart-felt thanks also extends to all SaskGaming employees who have done so much to help the corporation succeed this year.

Twyla Meredith, FCPA, FCMA
President and CEO

SASKGAMING YEAR IN REVIEW

Guest Experience

We continually strive to exceed our guests' expectations.

Guest Service

SaskGaming is committed to providing an excellent guest experience. In 2014, a number of new initiatives were undertaken to ensure Casinos Regina and Moose Jaw continued to deliver on that commitment. These changes included new products, services and communication tools.

Our focus on getting back to basics meant significant efforts were made to connect with our guests to better meet their needs. To that end, the Guest Advisory Committees met multiple times in 2014 to share their thoughts, ideas and suggestions about their gaming experience, the amenities at our properties, the service they receive from our employees and any concerns they wish to share. A number of changes at Casinos Regina and Moose Jaw have already been put in place thanks to their feedback, and further changes are scheduled for 2015.

One of the guest advisory suggestions we implemented was to increase the number of penny slot machines to better meet guest demand for these popular machines. At Casinos Regina and Moose Jaw, this led to an increase in the number of penny denomination machines available on the gaming floors to approximately 54 per cent of the total slot machines. This has reduced the wait times for these machines and has provided guests with a greater selection of game themes available at the penny denomination.

In 2014, we also introduced a Patrol and Shuttle Van at Casino Regina to provide guests with rides to and from their vehicles. The Patrol and Shuttle Van also enhances the security presence on the property, giving guests greater assurances about safety.

We launched a new website to make the online experience better for our guests. The new site features responsive web design that works well on every device from desktop computers to tablets and smart phones. It also offers the ability for Players Club Members to check their Players Club Points balance and tier state, and to see what special promotions and offers are available to them.

To help keep things entertaining and fun, new products were introduced. Touch Bet Baccarat terminals received a warm reception following their installation in April, and Touch Bet Roulette has also been popular. As a result additional terminals were added to the gaming floor in 2014 to meet guest demand.

Players Club

The Players Club loyalty rewards program provides perks and benefits to its many members. In January, Players Club Members began receiving their new Players Club Cards with updated tier status for 2014. Over 10,000 cards were issued during January alone as part of the replacement process. Guest feedback about the new Players Club has been positive to date.

Our Players Club Kiosks offer members the chance to print coupons, redeem points, and play bonus games among many other useful features. The kiosks continue to be popular with guests and as a result additional Players Club Kiosks were installed on the gaming floors at Casinos Regina and Moose Jaw to meet guest demand. Over the year, the bonus games were played more than 925,000 times, and approximately $780,000 in kiosk prizes were awarded to guests who participated in the games.

Appreciation events offer a fun way for casino staff to interact with Players Club Members and to say thanks for their patronage. Monthly appreciation events were held throughout the year and included breakfasts, barbeques, slot tournaments and more.

Promotions and Events

The theme heard and seen all around Casinos Regina and Moose Jaw this year was fun – as in Fun '14. This was our year-long promotional theme and it lived up to its name. During this exciting year we gave away a chance at $1,000,000, incorporated the 2014 Winter Olympics into the Podium of Prizes promotion, gave guests a chance to fulfil their "wishes of a lifetime" and the opportunity to pick their passion for a themed trip, along with many more great promotions.

While the wide array of promotions kept the gaming floors exciting, the Casino Regina Show Lounge also provided stellar live entertainment to thousands of guests. In total, we hosted 79 shows that entertained over 47,000 guests in 2014. The year's highlight performers included Huey Lewis & the News, Engelbert Humperdinck, Gordon Lightfoot and Nana Mouskouri. The Show Lounge also played host to 7,600 people at 24 external events including the Canadian Western Agribition International Reception, Chinese New Year, fundraisers and corporate meetings. In addition, the Show Lounge and our Food & Beverage teams hosted 50 Sunday brunches throughout the year that were attended by approximately 18,000 people.

Employee Experience

We offer an excellent employee experience to a diverse workforce where careers can begin and grow.

Our Employees

Our employees are the backbone of Casinos Regina and Moose Jaw and work together to provide our guests with an outstanding entertainment experience. They deal poker, attend to slot machines, sell tickets for the Show Lounge, prepare and serve top-notch meals and everything in between to ensure we are always entertaining. And we're proud to provide employment opportunities that fit what

our employees are looking for, from full-time employees developing their careers to students working part time as they complete their studies.

In 2014, SaskGaming recognized 23 employees who have contributed 10, 15, or 25 years of service to SaskGaming and the Saskatchewan civil service. The employees were invited to attend a special awards ceremony in their honour and were treated to a great meal and lively entertainment.

Employees had the opportunity to share their opinions through our bi-annual employee satisfaction survey. Ninety-six per cent of our employees completed the survey, yielding reliable data that provided our management team with important insights regarding what we are doing well and what we can improve on. This led to the implementation of a number of new initiatives aimed at improving the employee experience at SaskGaming. Work in this area continues.

Workplace Diversity

Over 40 per cent of our approximately 800 employees are of Aboriginal descent. Another 17 per cent are visible minorities and 4.5 per cent of our workforce are people with disabilities, which together make SaskGaming the leader in diversity within Saskatchewan's public sector. In 2014, the Aboriginal Government Employees' Network recognized SaskGaming for its commitment to diversity by awarding the corporation with their 2014 Achievement Award. SaskGaming received the award for its work to increase Aboriginal participation in Saskatchewan's economy through the recruitment, retention and advancement of Aboriginal people.

In 2014, our Aboriginal Representative Workforce Team continued its work of strengthening SaskGaming's commitment to workplace diversity. SaskGaming's Aboriginal Employees' Network (AEN) actively worked to celebrate culture, to enhance employees' understanding of First Nations, Métis and Inuit issues, to create a workplace where employees support one another's cultures and to build camaraderie among staff. SaskGaming is proud to support the work of the Aboriginal Representative Workforce Team and AEN in a number of ways including fostering a culture of inclusion, adopting policies that support workplace diversity and maintaining partnerships with community agencies, training centres, post-secondary institutions and communities.

Training

We want every employee to feel confident in their knowledge and ability to do their job. That's why we invest in their ongoing learning and development through our core training program and other learning opportunities. In 2014, SaskGaming introduced a new online orientation to employees. The online course enables employees to receive orientation on their first day of employment instead of waiting for classroom orientation weeks after their start date. This means they are more prepared as they begin their careers at SaskGaming. A number of other training courses are also available online which allows for flexible scheduling and provides employees with the ability to learn at a pace that meets their needs.

We believe that SaskGaming is a great place for employees to learn and advance their careers. Whether they advance internally at SaskGaming or externally in other organizations, we consider their development a success and are happy to have played a role in their achievements.

Social Responsibility

We demonstrate good corporate citizenship and employ gaming industry best practices.

GameSense

In 2014, our GameSense Advisors were busier than ever interacting with guests and hosting monthly responsible gambling events on the gaming floors. These fun events included games, quizzes, prizes, treats and presentations to help our guests understand how casino games work, the odds of winning and losing, and myths about gambling. Thousands of guests took advantage of these learning opportunities and visited with our friendly GameSense Advisors.

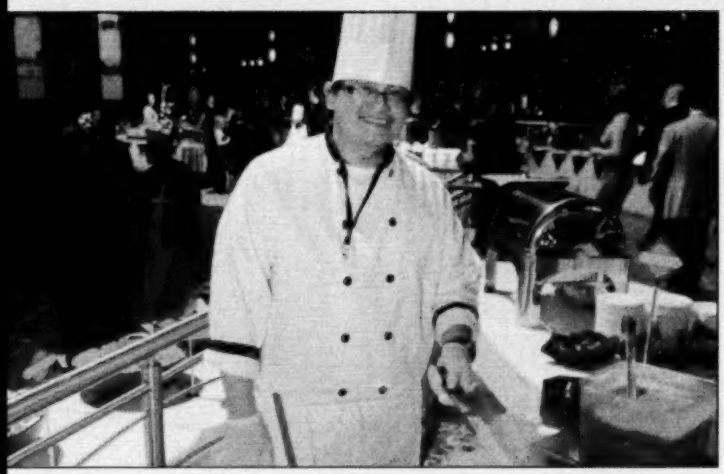
Our specially trained GameSense Advisors offer personal and confidential support and resources to guests at Casinos Regina and Moose Jaw. The GameSense program's greatest strength is its accessible and easy-to-use tools that provide information in an innovative way.

Community Relations

We are proud to support the communities in which we work and live. SaskGaming uses four key areas of support – strengthening our community, promoting community pride, supporting Saskatchewan's growth through partnership, and Aboriginal people – to determine which charities, events and organizations we provide with cash and in-kind donations.

In 2014, we supported great organizations like the Regina Symphony Orchestra, Chili for Children and the Regina and Moose Jaw & District Food Banks. Some of the events that Casinos Regina and Moose Jaw sponsored were the North American Indigenous Games, the Kitchener Community School holiday dinner, the Saskatchewan Roughriders' Labour Day Classic and the Regina Pats' First Nations & Métis Awareness Night. In total, we gave back over $538,000 to the communities in which we operate, with 26.5 per cent of that given to Aboriginal organizations, programs and events.

We also believe in recognizing our employees for their volunteerism, and have two programs that build on the work our employees do to improve the community. The Dollars for Do-Gooders program supports individual employees who donate personal time to registered charities. It provides a financial donation for a minimum of eight hours of personal time volunteered, to be donated on the employee's behalf to a registered charity or non-profit organization. The Employee Match program supports groups of employees fundraising on behalf of a charity by matching funds raised. In 2014, through these two programs SaskGaming provided donations to local charities like the Salvation Army's Adopt-A-Family, Regina Cat Rescue and the Juvenile Diabetes Research Foundation.



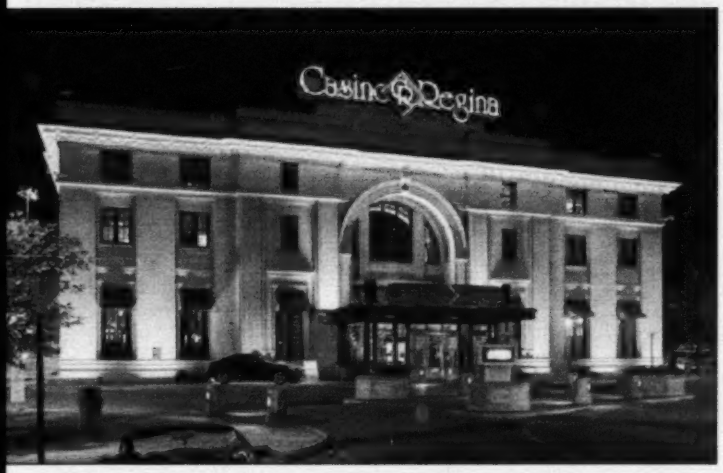
Charity Royale

Attendees of the 2014 Charity Royale were wowed by fabulous décor that saw the Casino Regina Show Lounge transformed into a European train platform as part of the evening's theme – the Orient Express. Guests enjoyed a unique and flavourful menu prepared by SaskGaming's Executive Chef, live music and exciting live and silent auctions.

SaskGaming partnered with the University of Regina to host the 2014 signature event, and together the two organizations raised $75,000 for the University of Regina's Neekaneewak Leadership Initiative and the Female Coaching Fellowship.

A Sustainable Corporation

SaskGaming demonstrates good governance, integrity and sound management practices to ensure the long term sustainability of the corporation.



Sound Management

SaskGaming continued to face financial pressure in 2014 as a mature gaming market characterized by flattening revenue impacted the Canadian gaming industry. The 2013 decision to implement a corporate restructure was a difficult one, but it resulted in considerable savings in 2014 that allowed the corporation to achieve a $49.8 million net income before payment to the General Revenue Fund (GRF). SaskGaming remains committed to strategies and management practices that maximize the corporation's contribution to the GRF to benefit the people of Saskatchewan.

In 2014, the executive offices were moved from their offsite location to Casino Regina. The move created lease cost savings and reflects the back-to-basics philosophy that SaskGaming has adopted since the 2013 restructure, and parallels our efforts to move all management positions closer to the business.

Integrity

Integrity is a top priority at SaskGaming, and is one of our four corporate values. We conduct regular, independent testing and verification to ensure our games are fair and honest and that they meet provincially regulated standards. Integrity and respect are also important components of employee orientation, our core training program and guest services training.

Our employees undergo comprehensive training to help them identify suspicious activities at our properties. SaskGaming has a number of policies and processes in place to support employees in detecting, preventing and reporting on activities that may be related to money laundering, suspicious transactions and other threats inherent in cash transactions.

SaskGaming conducts its business operations in a legal manner with honesty and integrity. To support that, all SaskGaming employees have multiple options to disclose any wrongdoing at the corporation. They can speak with a manager or supervisor, they can make a disclosure under *The Public Interest Disclosure Act* to SaskGaming's designated officer or directly to the Government of Saskatchewan's Public Interest Disclosure Commissioner. They can also contact ClearView Connects, a third-party reporting system.

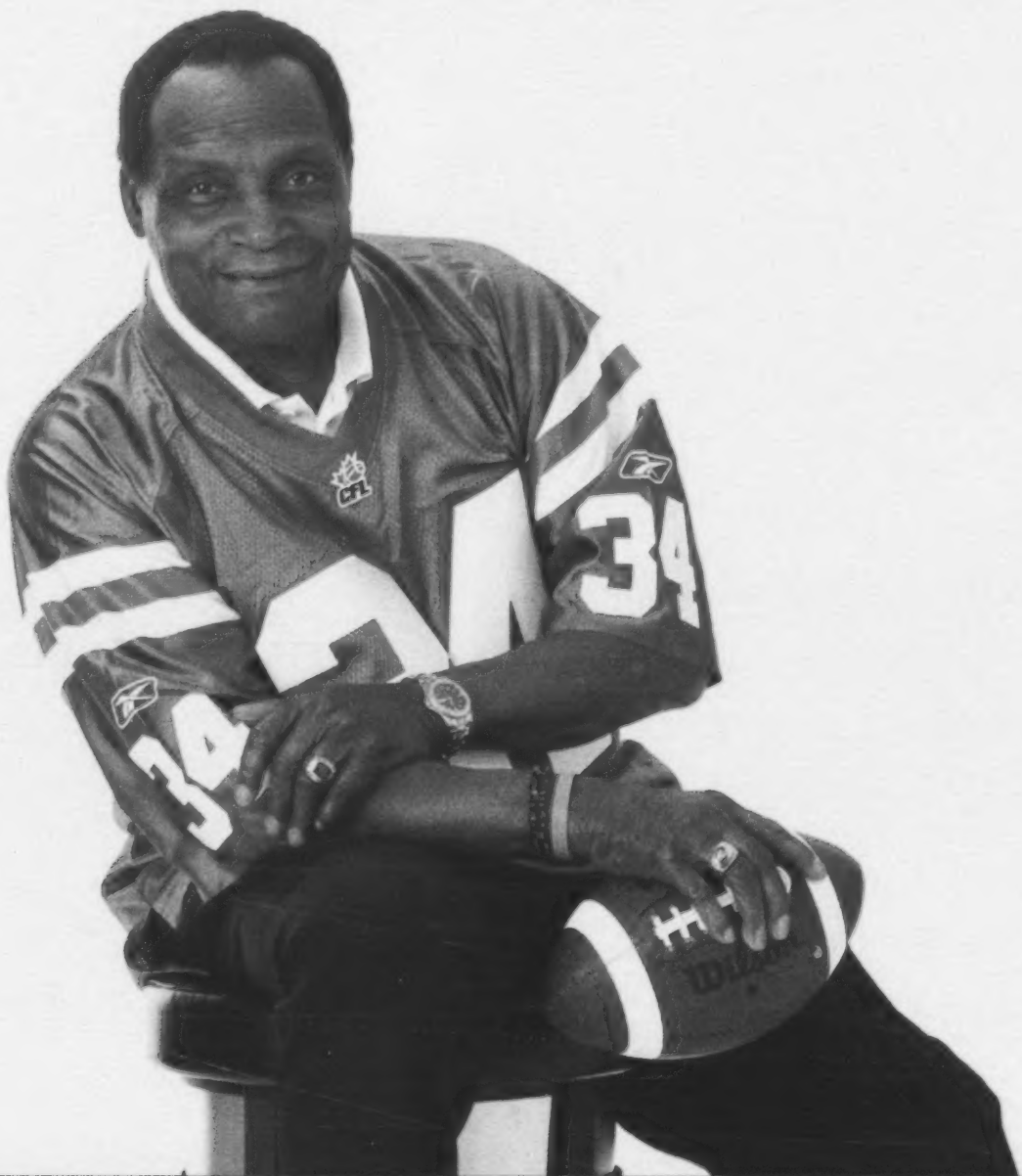
Risk Management

Through our Enterprise Risk Management Program, SaskGaming proactively identifies and documents risks to the corporation and develops appropriate mitigation plans. A risk assessment is also conducted on significant projects along with risk treatment plans. The risks are monitored and reviewed by senior management and the Board of Directors on a regular basis.

SaskGaming has also established detailed business continuity plans for Casinos Regina and Moose Jaw, which document the processes and procedures that will be used to protect our guests, our employees and the corporation's assets in the event of an emergency. These plans are updated annually, and table-top exercises take place to test the plans using real-world scenarios each year.

Community Relations

In 2014, Roughrider legend and SaskGaming Director of Guest & Community Relations, George Reed, put out a personal challenge to all SaskGaming employees to bring in food donations for the Regina Food Bank and the Moose Jaw & District Food Bank. Guests were also encouraged to participate and offered chances to win prize packages in exchange for their donations. The food drive was a success and provided the food banks with much needed donations at a critical time of year. SaskGaming topped off the food donations with a $10,000 donation for each food bank.



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) highlights the primary factors that impacted SaskGaming's financial and operating results for the period ending December 31, 2014.

The MD&A should be read in conjunction with the audited financial statements and accompanying notes. Using financial and operational results as its basis, the MD&A enables readers to view SaskGaming's past and future performance from the perspective of management.

The following discussion includes forward-looking statements about the corporate direction and financial objectives of SaskGaming. Due to risks inherent in any forecast, actual results could differ markedly from those anticipated. Forward-looking statements reflect SaskGaming best estimates and assumptions based on information available at the time the statements were made.

2014 Financial Highlights

In 2014, SaskGaming achieved revenue of $128.0 million and income before payment to the General Revenue Fund (GRF) of $49.8 million, exceeding previous year by $1.0 million and $8.7 million respectively. At $24.9 million, net income also surpassed last year by $4.4 million.

Revenue by Type (000s)	2009	2010	2011	2012	2013	2014	2014 Variance from Prior Year ($)	2014 Variance from Prior Year (%)
Slots	113,829	107,719	114,224	114,077	102,899	103,007	108	0.1%
Table Games	9,864	8,521	9,539	11,623	12,846	13,973	1,127	8.8%
Food & Beverage	7,410	6,195	7,218	7,409	7,467	7,090	(377)	-5.0%
Other	3,907	3,642	3,601	4,140	3,818	3,958	140	3.7%
Total Net Revenues	**135,010**	**126,077**	**134,582**	**137,249**	**127,030**	**128,028**	**998**	**0.8%**
Total Expenses	**84,242**	**82,527**	**82,848**	**84,627**	**85,938**	**78,224**	**(7,714)**	**-9.0%**
Income before Payment to the GRF	50,768	43,550	51,734	52,622	41,092	49,804	8,712	21.2%
Payment to the GRF	25,384	21,504	25,867	26,311	20,546	24,902	4,356	21.2%
Net Income	**25,384**	**22,046**	**25,867**	**26,311**	**20,546**	**24,902**	**4,356**	**21.2%**

SaskGaming's 2014 total revenues exceeded the previous year by almost $1.0 million. All revenue centers besides Food & Beverage saw an improvement. Table Games revenues led the gains with an improvement of $1.1 million, or 8.8 per cent, over 2013. Food & Beverage declined by $0.4 million, or 5.0 per cent.

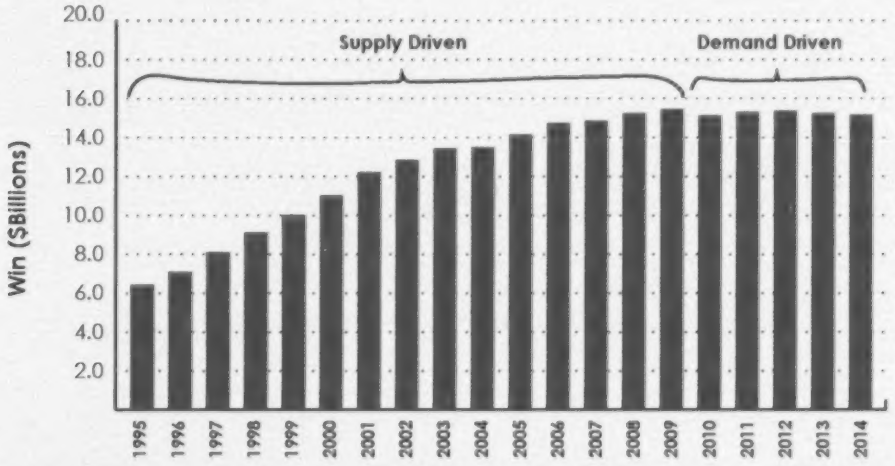
SaskGaming continued to effectively manage its expenses; total expenses declined by $7.7 million, or 9.0 per cent, in 2014. The drop was primarily due to a decrease in salaries and benefits as a result of an organizational restructure in October 2013, as well as the management of vacancies in 2014.

With the improvement in revenues and effective expense management, SaskGaming's income before payment to the GRF increased significantly by 21.2 per cent from $41.1 million in 2013 to $49.8 million in 2014.

Gaming Industry Trends

The next graph shows the Canadian gaming industry win trends from 1995 to 2014. Casino win in Canada peaked in 2009 at $15.5 billion. Since then, the industry has struggled to repeat that result and is considered to have entered a mature market phase characterized by lower or even negative annual revenue growth rates. The year 2014 marks the second consecutive year of decline and with a win of $15.1 billion places it on par with 2010 results.

Canadian Gaming Industry Win Trends



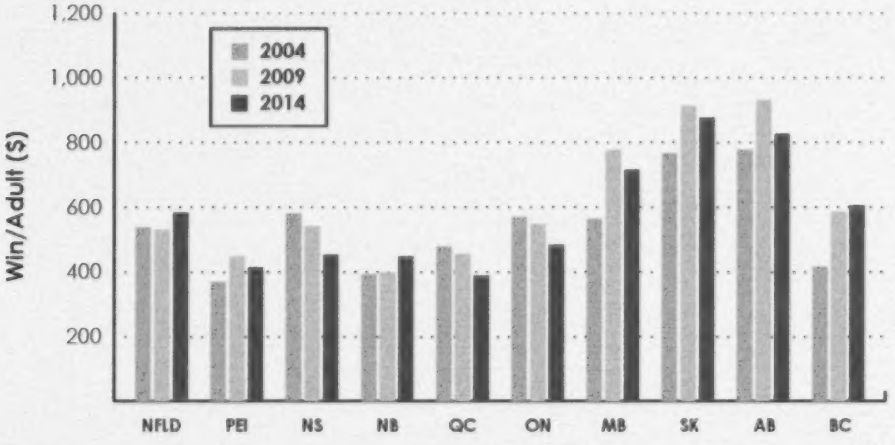
Note: Win generated by casino, EGD-VLT, EGD-Other and traditional lotteries are reported on a March 31st fiscal year end and represents approximately 92% of the total gaming win in Canada. All other sectors are generally reported on a calendar year end basis. For presentation purposes, fiscal and calendar year end data have been combined. For instance, March 31st, 2014 data has combined with December 31st, 2013 data and labelled "2014".

Source: HLT Advisory Inc. based on most recent data available from various provincial government agency/corporation annual reports and HLT estimates, subject to update as further information becomes available.

Western Canadian Gaming

Saskatchewan gaming operators have been effective at promoting gaming within the province. In 2014, Saskatchewan had the highest win per adult across all Canadian provinces.

Gaming Win/Adult by Province (2004, 2009, 2014)

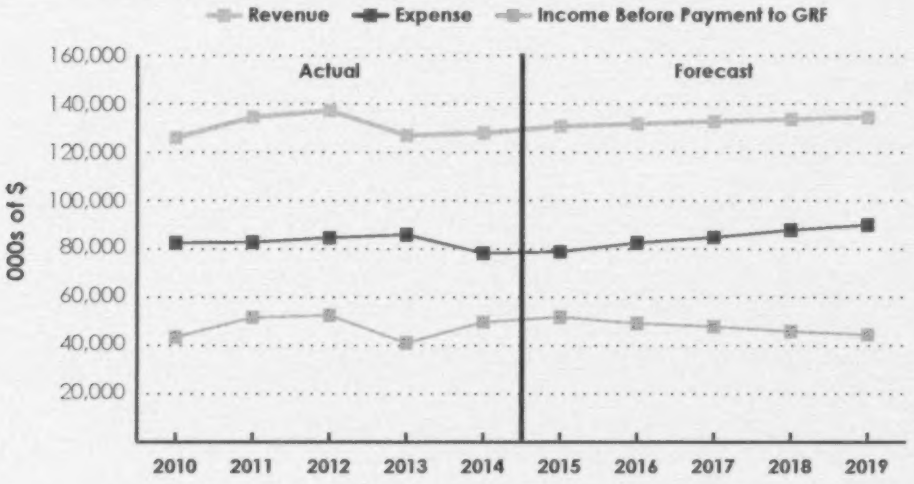


Source: HLT Advisory Inc. based on various provincial government agency/corporation annual reports and adult population numbers based on Statistics Canada Demographic Statistics Compendium 2013. Numbers are subject to update as further information becomes available.

When reviewing the revenues generated by casino operations of the British Columbia Lottery Corporation (BCLC), the Alberta Gaming & Liquor Commission (AGLC), and the Saskatchewan Indian Gaming Authority (SIGA), it is found that the western Canadian gaming market, like the Canadian gaming industry, is also experiencing marginal revenue growth. BCLC's casino and community gaming revenues grew by about 2.9 per cent from 2012/13 to 2013/14[1]. The growth was mainly from table games. Slot revenues remained relatively the same as the previous year. AGLC's slot[2] revenues dropped by 1.9 per cent from 2012/13 to 2013/14 while SIGA experienced a decline of 7.1 per cent in gaming revenues[3].

Outlook

SaskGaming anticipates modest revenue growth to 2019. Expense growth, due to inflationary pressures on wages and other inputs, is expected to exceed revenue growth. Gaming revenues may be vulnerable if provincial economic performance is impaired; a decrease in discretionary spending by SaskGaming's customers may impact revenues. As a result, a declining trend in net income before payment to the GRF, beyond 2015, is anticipated.



Balanced Scorecard

SaskGaming's senior management team and Board of Directors review the goals, corporate initiatives as well as the measures and targets in the Balanced Scorecard (BSC) within the corporation's Performance Management Plan (PMP) on a quarterly basis.

The purpose of this review is to ensure these elements continue to strategically support the corporation's vision and mission in the PMP. In 2014, the four strategic goals in the PMP remained as:

1. Guest Experience Excellence;
2. Employee Experience Excellence;
3. Social Responsibility; and
4. Sustainable Corporation.

[1] British Columbia Lottery Corporation. 2013/14 annual report. Retrieved from http://corporate.bclc.com/content/dam/bclc/corporate/documents/corporate-reports/BCLC-2013-14-Annual-Report.pdf

[2] Alberta Gaming and Liquor Commission. 2013/2014 annual report. Retrieved from http://www.aglc.gov.ab.ca/pdf/annual_reports/2014_aglc_annual_report.pdf

[3] Saskatchewan Indian Gaming Authority. 2013/2014 annual report. Retrieved from http://www.siga.sk.ca/view-annual-reports/SIGA_Annual_Report_2014/index.html#/54/

SaskGaming added two new measures in the BSC for 2014: Employee Absenteeism and Net Average Guest Spend. Increasing employee absenteeism over the past few years has been a challenge for the corporation. The Employee Absenteeism measure was introduced to track the results from management's efforts in this area. Net Average Guest Spend was also added in 2014 to replace the Net Revenues measure. The Net Average Guest Spend measure complements the existing Guest Count measure to track, and report on, the components driving revenue growth.

The next section describes the corporation's progress against the four goals within the 2014 PMP, followed by a brief overview of the BSC measures and changes to the long-term optimal targets for 2015.

Goal 1: Guest Experience Excellence

SaskGaming achieved two BSC targets and exceeded on one target under this goal. The results of the BSC measures showed that SaskGaming continued to meet and exceed guests' expectations.

Guest Experience Excellence BSC Measures

MEASURES	2013 Actual	2014 Target	2014 Actual	Actual % of 2014 Target	2014 Result
Mystery Shopper	93.0%	90.0%	95.9%	106.6%	**Exceeded**
Guest Satisfaction	80.5%	80.0%	80.1%	100.1%	**Achieved**
Guest Opinion About Safety on Premises	86.9%	85.0%	86.4%	101.6%	**Achieved**

Exceeded = 105% or greater than target; **Achieved** = 100% to 104% of target;
Progressed = 90% to 99% of target; **Not Met** = Less than 90% of target.

The GameOn guest service strategy describes the experience that guests can expect to receive when at Casinos Regina and Moose Jaw and also defines how staff are trained to provide an excellent guest experience.

The Mystery Shopper score measures the effectiveness of gaming floor staff in delivering the GameOn service standards. It is measured through a Mystery Shopper program conducted by an external research firm on behalf of SaskGaming. At 95.9 per cent, SaskGaming exceeded the target of 90.0 per cent.

The Guest Satisfaction score measures overall guest satisfaction with the products and staff service provided at Casinos Regina and Moose Jaw. At 80.1 per cent, SaskGaming achieved its 2014 target of 80.0 per cent.

Guest Opinion about Safety on Premises measures guests' opinion of personal safety at Casinos Regina and Moose Jaw. At 86.4 per cent, SaskGaming achieved its 2014 target.

High-quality guest service is a cornerstone of fulfilling SaskGaming's vision and mission. The corporation has two main areas of focus to support the achievement of the Guest Experience Excellence goal: Guest Service Strategy and Guest Safety.

Building on the success of the Guest Advisory Committee created at Casino Regina in 2013, a Guest Advisory Committee was also created for Casino Moose Jaw in 2014. The committees are comprised of a small number of knowledgeable guests that attend facilitated discussions with SaskGaming staff to determine guest concerns, guest preferences and to preview any action plans designed to address previously identified requests.

After analyzing customers' feedback, SaskGaming made significant enhancements on the gaming floor. The organization increased the share of penny slot machines from approximately 40 per cent of its total slot machine stock to nearly 54 per cent at Casino Regina and Casinos Moose Jaw. The goal is

to increase slot players' satisfaction by providing more machines at the denomination they prefer and to respond to the competitive pressure from the Saskatchewan Liquor and Gaming Authority's (SLGA) upgraded video lottery terminals (VLTs). SaskGaming also introduced Touch Bet Baccarat and added more Touch Bet Roulette terminals during the year. Both Slots and Table Games revenues showed favourable results over 2013 as an outcome of the enhancements made on the gaming floor.

Safety is a critical factor to providing excellent guest services. The corporation has visible security personnel who are trained to handle any emergency or first responder situation that may arise. The Patrol and Shuttle Van continued to offer rides to guests to and from their vehicles. The presence of the vehicle and improved Casino Regina parkade lighting are both measures to enhance guest safety.

Goal 2: Employee Experience Excellence

SaskGaming exceeded two of its targets for this goal – Employee Satisfaction and Core Training. The corporation progressed on three others.

Employee Experience Excellence BSC Measures

EMPLOYEE EXPERIENCE EXCELLENCE	2013 Actual	2014 Target	2014 Actual	Actual % of 2014 Target	2014 Result
Employee Satisfaction	N/A	45.0%	48.0%	106.7%	**Exceeded**
Service Component of Guest Satisfaction	83.8%	85.0%	83.9%	98.7%	**Progressed**
Core Training	38.3%	60.0%	63.9%	106.5%	**Exceeded**
Employee Absenteeism (New)	9.3%	9.0%	9.5%	92.0%	**Progressed**
Aboriginal Representation	40.3%	42.0%	40.6%	96.7%	**Progressed**

Exceeded = 105% or greater than target; **Achieved** = 100% to 104% of target;
Progressed = 90% to 99% of target; **Not Met** = Less than 90% of target.

The bi-annual Employee Satisfaction Survey was completed in 2014. SaskGaming's Employee Satisfaction Survey results were benchmarked against other casino organizations excluding casino hotels. SaskGaming was at the 48th percentile of the industry, exceeding the target of the 45th percentile. It was anticipated that the measure would have decreased from the 2012 result in which the corporation placed in the 48th percentile due to the organizational restructuring that occurred in October 2013 and the announcement of the possible sale of the casinos in February 2014.

Senior management developed specific actions to mitigate possible impacts by providing regular communication informing staff on the progress of the implementation plan, an increased emphasis on teamwork throughout the organization as well as moving managers and senior leadership closer to the employees and guests. As a result, the employee satisfaction score did not drop as anticipated and remained the same as 2012.

SaskGaming continued to assess the effectiveness of its Corporate Learning program to deliver the right mix of learning, skills and career development programs to satisfy SaskGaming's requirements. The Core Training program developed in 2013 that complemented job-specific training continued to provide required skills needed for all employees to be successful at their jobs. At 63.9 per cent, SaskGaming exceeded its 2014 target for Core Training of 60.0 per cent.

The corporation expects the training to translate into high-quality guest service. The Service Component of Guest Satisfaction specifically measures guest perception of the quality of service that staff provides at Casinos Regina and Moose Jaw. At 83.9 per cent, the corporation achieved 98.7 per cent of its 2014 target of 85.0 per cent.

In 2014, SaskGaming added a new Employee Absenteeism measure on its Balanced Scorecard to track progress made on this initiative. The 2014 target of 9.0 per cent was chosen with the goal of reducing absenteeism relative to the corporation's historical absenteeism rates. SaskGaming scored 9.5 per cent, representing 92 per cent of the 2014 target.

Employee absenteeism is a significant challenge for SaskGaming. Employee absenteeism is a complex issue and it occurs for differing reasons for different employees. In 2014, SaskGaming continued to see value from the Attendance Support program developed in 2013. The Employee Absenteeism rate was on a downward trend based on the quarterly results in 2014, demonstrating that the program was effective.

SaskGaming implemented an Aboriginal Workforce Strategy in 2014 to enhance its support for the recruitment and retention of Aboriginal employees. While SaskGaming achieved only 96.7 per cent of the 2014 target for Aboriginal Representation, the level improved from 2013. In 2015, the corporation will incorporate Aboriginal cultural awareness events and activities into the existing program.

Goal 3: Social Responsibility

SaskGaming completed the implementation of BCLC's GameSense responsible gaming program in 2014. This program relies on highly-visible self-serve kiosks that provide responsible gaming information and content which is supplemented by interactions between GameSense Advisors and guests. GameSense Advisors hosted monthly player activities and the annual Responsible Gambling Awareness Week at Casinos Regina and Moose Jaw to promote the awareness of its GameSense program and to encourage responsible gaming.

Social Responsibility BSC Measures

SOCIAL RESPONSIBILITY	2013 Actual	2014 Target	2014 Actual	Actual % of 2014 Target	2014 Result
Guest Awareness of Responsible Gaming	60.0%	60.0%	58.5%	97.5%	**Progressed**
Public Opinion of Community Support	48.4%	50.0%	47.6%	95.2%	**Progressed**
Aboriginal Sponsorship (% of Total Sponsorship)	21.0%	22.0%	26.5%	120.0%	**Exceeded**

Exceeded = 105% or greater than target; **Achieved** = 100% to 104% of target;
Progressed = 90% to 99% of target; **Not Met** = Less than 90% of target.

SaskGaming achieved 97.5 per cent of its 2014 target for Guest Awareness of Responsible Gaming. SaskGaming will adopt the BCLC methodology for measuring Guest Awareness of Responsible Gaming to replace the current methodology in 2015. Please see the Optimal Balanced Scorecard Targets appendix on page 68 for a further discussion.

SaskGaming scored 47.6 per cent or achieved 95.2 per cent of its 2014 target for Public Opinion of Community Support. Survey respondents were asked "How well is SaskGaming doing at giving back to the community through charitable or community donations and sponsorships?" Respondents who said the casinos were not doing well in community support declined from 10.0 per cent in 2012 to 7.7 per cent in 2014.

SaskGaming exceeded its Aboriginal Sponsorship target in 2014. The corporation provided over $142,000 in donations, sponsorships and in-kind support to Aboriginal organizations, projects and events in 2014, which is 26.5 per cent of the $538,000 in total sponsorships. Some of the key sponsorships in this area include:

- The North American Indigenous Games organizing committee was provided $50,000 in 2014 ($50,000 was also provided in 2013) to support the event which was hosted in Regina. The event recognized the healthy lifestyle choices young Indigenous people and future leaders from all over North America have made.

- This year's Casino Regina Charity Royale beneficiary was the University of Regina. Half the proceeds went to the University's Neekaneewak Leadership Initiative - a multi-pronged, elder-based project to provide culturally relevant programming, mentoring, support and leadership development opportunities to Aboriginal students.
- The Smudge Walk is an event that kicks off National Aboriginal History Month. Its purpose is to gain attention and spread awareness of First Nations and Métis issues including "smudging" the North Central neighbourhood. "Smudging" refers to a traditional First Nations ritual that is most often meant to cleanse negative spirits or negative energy. SaskGaming supported this initiative with a $5,000 contribution.
- With a $6,000 contribution, SaskGaming supported the Regina Pats First Nations and Métis Awareness Night. The night recognized the contributions First Nations and Métis people have made to the WHL and to the Southern Saskatchewan hockey community. The evening also included a showcase of First Nations dance, music and pageantry.
- The MacKenzie Art Gallery was provided $5,000 for its national touring exhibition, 'Beat Nation' which featured art, hip hop and Aboriginal culture. This Aboriginal exhibition describes a generation of artists who have compared urban youth culture with Aboriginal identity to create innovative paintings, sculptures, installations, performances and videos.
- $10,500 in scholarships were provided to Aboriginal people through SaskGaming's Student Awards program.

Goal 4: Sustainable Corporation

Sustainable Corporation BSC Measures

SUSTAINABLE CORPORATION	2013 Actual	2014 Target	2014 Actual	Actual % of 2014 Target	2014 Result
Guest Count (000s of People)	3,603	3,659	3,540	96.7%	**Progressed**
Net Revenues (000s of $) (Discontinued)	127,030	N/A	N/A	N/A	**No Report**
Net Average Guest Spend	$35.27	$36.73	$36.16	98.5%	**Progressed**
Income before Payment to GRF (000s of $)	41,093	50,406	49,804	98.8%	**Progressed**
EBITDA Margin	43.4%	48.6%	50.0%	101.2%	**Achieved**
Debt EBITDA Ratio	0.38	0.15	0.16	97.9%	**Progressed**
Capital Asset Turnover Ratio	1.9	2.1	2.1	100.0%	**Achieved**
Payroll Margin	34.9%	29.9%	29.5%	101.2%	**Achieved**

Exceeded = 105% or greater than target; **Achieved** = 100% to 104% of target;
Progressed = 90% to 99% of target; **Not Met** = Less than 90% of target.

SaskGaming achieved 96.7 per cent of its target for Guest Count in 2014. Approximately 3.540 million guests visited Casino Regina and Casino Moose Jaw this past year, which is a 1.7 per cent decline to the 3.603 million visitors to both casinos in 2013 (2013 was an eventful year in Regina as the city hosted the Junos in April 2013 and Grey Cup in November 2013). SaskGaming also launched a new Players Club program in September 2013 and invited all Players Club Members to renew their cards at the casinos. These events led to increased guest count at Casino Regina and Moose Jaw in 2013.

With improvement in revenues and effective expense management, SaskGaming was able to achieve or progress on all of its revenue-dependent financial targets in 2014 (i.e. Net Average Guest Spend, Income before Payment to GRF, EBITDA Margin, Debt EBITDA Ratio, Capital Asset Turnover Ratio and Payroll Margin).

As cited elsewhere, Net Average Guest Spend was added as a new measure in 2014 to replace the Net Revenues measure. With the extensive attention and priority to meeting guest needs, SaskGaming managed to increase Net Average Guest Spend by 2.5 per cent from $35.27 in 2013 to $36.16 in 2014 and achieved 98.5 per cent of its 2014 target.

With the decrease in payroll expense from the organizational restructure in October 2013 and the management of vacant positions during 2014 combined with an increase in revenues, SaskGaming achieved its target on Payroll Margin by 101.2 per cent.

As for efficiency improvement, SaskGaming completed a value stream mapping (VSM) event in October 2013 on its staff hiring process. Most of the recommendations from the VSM were implemented in 2014. The current hiring processes have been simplified, standardized and efficient.

In 2014, an external consultant was hired to develop a plan for SaskGaming to become compliant with *The Archives Act, 2004* by February 2016. SaskGaming will implement the plan in 2015 to reduce data storage and search costs, protect data and make data more accessible for value added business decisions.

The corporation completed or advanced a number of IT-related projects this past year. These projects either enhanced the corporation's infrastructure, improved operational efficiency and/or increased the quality/speed of guest service. The following are the key projects completed in 2014:

- replacement of IT Service Management Tool
- Windows operating systems updates
- enhancement of network security
- Food and Beverage point of sale system
- Touch Bet Roulette and Baccarat

2015 Targets

The 2015 targets for the BSC measures were chosen based on one of three main criteria:

1. The long-term, optimal target for the measure;
2. The expected trend for the measure based on results in 2014 and industry trends; and/or
3. The 2015 budget.

In 2014, SaskGaming added long-term optimal targets for another nine measures within its BSC in addition to the five optimal targets developed in 2013. Please see the Optimal Balanced Scorecard Targets Appendix on page 68 for a more detailed description of the analysis that helped determine the optimal targets for the BSC measures.

To better reflect SaskGaming's efforts to improve guest experience excellence, the 2015 targets for Mystery Shopper and Guest Satisfaction measures have been revised up to 93.0 per cent and 82.0 per cent respectively. The target for Aboriginal Sponsorship has also been increased to 25.0 per cent in 2015.

2015 BSC Measure Targets

GUEST EXPERIENCE EXCELLENCE	2014 Actual	2015 Target
Mystery Shopper	95.9%	93.0%
Guest Satisfaction	80.1%	82.0%
Guest Opinion About Safety on Premises	86.4%	85.0%

EMPLOYEE EXPERIENCE EXCELLENCE	2014 Actual	2015 Target
Employee Satisfaction**	48.0%	N/A
Service Component of Guest Satisfaction	83.9%	85.0%
Core Training	63.9%	80.0%
Employee Absenteeism (New)	9.5%	8.5%
Aboriginal Representation	40.6%	42.0%

SOCIAL RESPONSIBLITY	2014 Actual	2015 Target
Guest Awareness of Responsible Gaming (New methodology in 2015)	58.5%	75.0%
Public Opinion of Community Support	47.6%	50.0%
Aboriginal Sponsorship (% of Total Sponsorship)	26.5%	25.0%

SUSTAINABLE CORPORATION	2014 Actual	2015 Target
Guest Count – Levels (000s)	3,540	3,583
Net Average Guest Spend ($/Guest) (New)	36.16	36.50
Income before Payment to GRF (000s of $)	49,804	51,894
EBITDA Margin	50.0%	49.8%
Debt EBITDA Ratio	0.16	0.13
Capital Asset Turnover Ratio	2.1	2.1
Payroll Margin	29.5%	29.6%

** Based on bi-annual survey. The next survey will be conducted in 2016.

Risk Management

SaskGaming's Enterprise Risk Management (ERM) program, complete with a corporate risk registry and enterprise risk policy, has been in place since 2011. The updated risk assessment results were considered in the development of initiatives to support the corporation's goals and objectives in the 2014-2018 Performance Management Plan. SaskGaming reviews the risk assessment with the Board of Directors each year as part of the performance management planning process.

SaskGaming continues to enhance its ERM program and comply with the risk management minimum standards set out by Crown Investments Corporation. In doing so, SaskGaming completed the following activities as part of the annual review of its ERM program:

- updated the SaskGaming ERM policy and framework, which included refining the risk tolerance guide;
- revised the list of corporate risks and updated the risk statements, where necessary;
- conducted an inherent risk assessment – voted on likelihood and impact to identify the top inherent risks;
- conducted a residual risk assessment – voted on likelihood and impact to identify the top residual risks; and
- developed a prioritized corporate risk register and identified the top corporate-wide risks.

To actively manage/monitor corporate risks, all risks defined as "top corporate-wide risks" are reviewed and reported quarterly to the Executive committee and the Board of Directors. SaskGaming's top corporate-wide risks, as well as the mitigation activities that are in place to address these risks, are discussed below.

1. **Sustainable Income** - The inability to keep pace with the continuous modernization of the gaming industry leads to a decline in SaskGaming's income as the traditional gaming market continues to mature.

   Mitigation Activities: SaskGaming has established industry contacts throughout Canada. Staff are encouraged to keep up with industry trends through attendance at conferences, site visits, etc. SaskGaming continued to evolve the Players Club program and emphasizes its competitive advantages in its marketing activities. The corporation also continued its effort in slot optimization to positively influence slot revenues.

   SaskGaming continued to monitor development of possible new revenue sources such as E-gaming and single event sports betting options. At present there is no plan to move forward on these gaming opportunities.

2. **Regulatory Compliance** - Failure to comply with existing regulations or proactively adjust to changing regulations results in sanctions, litigation and adverse publicity that can damage the corporation's reputation and financial well-being.

   Mitigation Activities: SaskGaming is regulated by the Financial Transactions and Reports Analysis Centre of Canada. SaskGaming has a *Proceeds of Crime Money Laundering and Terrorist Financing Act* compliance regime (including updated policies and procedures, training plan, etc.) to address FINTRAC compliance requirements. This plan and the staff's work toward compliance is reviewed by an independent third-party every two years to assess its effectiveness. This independent third party review was conducted in 2014 and SaskGaming demonstrated marked improvement over its previous review. An area that will require additional resources, training and systems support involves compliance with new regulations around enhanced customer knowledge. All members of the compliance unit will be required to receive certification in Anti-Money Laundering by 2016.

   There are independent compliance and surveillance units that provide oversight for casino operations, conduct audits/investigations and report results to management. Compliance certification and sub-certification on applicable legislation is completed by SaskGaming executive.

   The Saskatchewan Liquor and Gaming Authority provides quarterly reports to SaskGaming on SaskGaming's compliance with all provincial gaming legislation and regulations.

   All privacy concerns are addressed immediately and access to information requests are handled in accordance with *The Freedom of Information and Protection of Privacy Act* by SaskGaming's Privacy Officer. The corporation also has an active committee to address all issues related to Occupational Health and Safety.

3. **Talent Management** - Not effectively developing and managing the culture, human resources and intellectual capital results in an unsatisfied workforce and the inability to sustain the capability of the organization to achieve its business objectives. This includes attraction, training, retention, succession planning, labour relations and safety.

   Mitigation Activities: SaskGaming has online and classroom training that provides core learning, departmental and individual learning to all employees. Succession plans have been developed for the critical positions.

   A bi-annual employee satisfaction survey was conducted in 2014, following which an action plan was developed to improve employee satisfaction. An Aboriginal Representative Workforce Team

exists to encourage recruitment and retention of an Aboriginal workforce. An Attendance Support program is also in place to improve attendance, reduce costs and avoid service disruptions.

During the past two years, SaskGaming has focused on safety and reducing lost time due to injuries along with the associated costs. Efforts in this area have included the implementation of an incident reporting process that involves the investigation of all near misses to determine the root causes and to address hazards. In addition, all Workers' Compensation Board (WCB) claims are reviewed and investigated where necessary, again to identify hazards that gave rise to the incident. Finally, SaskGaming has worked closely this year with the Saskatchewan Hospitality Safety Association by participating in an audit and in developing and implementing an action plan to address the issues identified.

Success in this area has been demonstrated by a decrease in WCB claims from 187 in 2010 to 25 claims in 2014. As a result of the claims reduction, the corporation is receiving a discounted premium for 2015 in contrast to the premium surcharge paid in past years.

4. **Business Interruption** - SaskGaming is unable to provide services due to a business interruption (accidents, work stoppages, loss of a key supplier, sabotage, weather, technology failure) resulting in loss of revenue, dissatisfied guests, etc.

   Mitigation Activities: SaskGaming reviews its business continuity plans for both Casino Regina and Casino Moose Jaw annually. Table-top exercises and fire drills are also conducted annually. Emergency measure procedures are available on the intranet to assist employees in responding to various emergency situations.

   All critical gaming applications are backed-up daily, and SaskGaming tests its recovery processes annually. In addition, SaskGaming carries business interruption insurance.

5. **Guest Experience** - Failure to consistently meet or exceed guest expectations regarding product offerings, facilities, safety and service, or adapt to evolving changes in the market results in a loss of business, declining revenues and loss of market share. This is especially significant in a maturing market.

   Mitigation Activities: SaskGaming analyzes trends and determines priorities based on customer comment cards, facilitated discussions with guests (Guest Advisory Committees) and third-party research. This knowledge is used to improve GameOn service standards for managers and staff and to make operational or facility changes. This process ensures guest expectations are heard and addressed.

   SaskGaming continues to reward guests for play through its Players Club program and VIP lounge. The corporation strives to evolve table and slot product offerings to better meet guest demand.

6. **System and Information Security** - Access to systems and information is inappropriately granted or refused or inadequately monitored, resulting in loss or theft of revenue, proprietary information, unauthorized knowledge and use of confidential information, or personnel who are unable to perform their assigned responsibilities effectively and efficiently. A data breach can result in litigation and/or a loss of guest and stakeholder confidence, and thereby have a negative financial impact.

   Mitigation Activities: There is a standardized process for assigning permissions within applications based on roles supplied by the application owners. Corporate Systems & Technology performs a semi-annual account audit on systems to ensure correct access has been given to users of those systems.

   Corporate-wide IT policies and security standards are in place to protect the integrity of corporate data. These policies were revised and changes were adopted in 2014. SaskGaming engages multiple tools to monitor its network and suspicious activity is investigated, remediated and reported to SaskGaming management.

Information security awareness articles are regularly distributed to SaskGaming employees alerting them of potential risks and providing them with risk avoidance instructions. Annually, employees are required to reaffirm that they will abide by the Acceptable Use of Technology policy.

7. **Social License** - SaskGaming conducts business without adequate consideration of the negative impacts of gaming on individuals or the communities in which it operates, resulting in reputational damage, litigation, harm to guests or loss of public support.

   Mitigation Activities: SaskGaming has implemented British Columbia Lottery Corporation's GameSense responsible gaming (RG) program. An RG checklist is used to screen all products to ensure they minimize the development of problem gambling behaviours. A Responsible Marketing policy is in place to ensure SaskGaming's direct marketing practices support the corporation's RG program. An RG Check review was completed by a third party and accreditation was achieved in 2013. SaskGaming conducts RG awareness activities at both Casinos Regina and Moose Jaw.

   Annually, SaskGaming gives approximately one per cent of its net income back to the communities in which it operates. This is communicated through quarterly mini-campaigns and year-long messaging to promote awareness of SaskGaming's involvement in and contributions to the community.

   SaskGaming conducts surveys to determine Public Opinion of Community Support and Guest Awareness of Responsible Gaming, which are also reported in the Balanced Scorecard.

Stakeholder Engagement

SaskGaming is committed to open and transparent communication with all stakeholders. By maintaining strong two-way communication, the corporation positions itself to achieve positive results.

Public and Guest Communications

SaskGaming engages multiple channels to communicate with the public about products, promotional offers and corporate announcements.

The Casino Regina and Casino Moose Jaw websites provide the public with marketing materials and corporate news like quarterly financial updates, annual reports and opportunities for financial support through the Community Relations program. Major corporate initiatives are also communicated through media releases, news conferences and public events.

Casinos Regina and Moose Jaw also communicate directly with guests in the form of a monthly Players Club Newsletter that is sent to Players Club Members by mail or email (guests must opt-in to receive information by email). The newsletter provides a monthly update on casino events and promotions, restaurant features and the upcoming entertainment lineup at the Casino Regina Show Lounge and Mae Wilson Theatre in Moose Jaw.

The general public is also targeted through direct advertising (such as online, radio, television, billboards and direct mail) to create awareness about promotions, events and entertainment available at the casinos. SaskGaming also has a social media presence on Facebook and Twitter as a way to promote products and services and to engage in discussion with the general public.

Guest Engagement and Feedback

We believe that communication is a two-way street, so SaskGaming works to build relationships with our guests based on that belief. We provide our guests with many opportunities to offer their feedback, and we do more than just listen. We also track, analyze and follow-up with our guests to ensure we are providing the best experiences at our casinos.

There are several ways that guests provide their feedback including surveys, paper comment cards, in-person discussion with a manager or by email.

Occasionally, SaskGaming will engage focus groups to gauge interest in potential new initiatives. These groups can consist of guests and/or the general public, and occur on an as-needed basis within any given year.

SaskGaming also maintains Guest Advisory Committees as a way to receive face-to-face feedback from our guests. The committees provide the opportunity for invited guests to provide regular feedback and advice. In 2014, the meetings covered a wide range of topics including the mix of slot machine denominations, smoking patios, casino entrances, safety on premises and more. The purpose of the meetings is to focus on learning more about how our guests feel about Casinos Regina and Moose Jaw – in particular their opinions on guest experience, casino services, atmosphere and pricing. All guest feedback gathered is used to help inform decisions on future initiatives.

On a semi-annual basis, exit surveys are conducted with guests to determine which services they feel are important, and how satisfied guests are with these same services. Guest experience results are gathered and tracked in our Balanced Scorecard in the areas of Guest Satisfaction, Service Component of Guest Satisfaction, Guest Opinion About Safety on Premises and Guest Awareness of Responsible Gaming. For more information on 2014 balanced scorecard results, see page 17.

Employee Communications

SaskGaming employees work in a shift environment and the majority of them do not have access to a computer or smart phone as part of their job duties. This means SaskGaming has to use a variety of channels to reach them. Employees receive corporate news and information through a weekly newsletter, a weekly email to managers, the corporate intranet and back-of-house announcements.

The primary methods of communication are the weekly newsletter and corporate intranet, where employees stay up to date on current initiatives happening at the corporate and gaming floor level. The newsletter is posted at Casino Regina and Casino Moose Jaw and distributed in the staff cafeteria and employee lounges. The newsletter is also posted on the intranet, which is accessible to all employees through their designated workstations or computers provided in employee lounges. The intranet is also home to documents, processes, procedures and manuals.

In 2014, a new two-way communication channel was introduced which allows all employees to ask questions of the senior leadership team. The feature received a number of questions throughout the year covering a range of topics from the staff cafeteria to scheduling to promotions, and were answered by the appropriate manager, director or member of the Executive team.

Digital and traditional posters are employed to reach employees in back-of-house areas. Paper posters are posted on employee bulletin boards at both properties and digital announcements are also played in rotation on televisions in high-traffic areas accessible only to employees off the gaming floor.

Each week all employees who supervise staff at SaskGaming receive an email containing a summary of important news to share in daily shift meetings with their employees. An annual employee meeting is held and open to all employees to interact with the senior management team to discuss important corporate initiatives. A similar management meeting is also held each year where all SaskGaming managers gather to discuss corporate strategy. When required, special employee communication and meetings are also coordinated to support corporate announcements.

In 2014, SaskGaming solicited employee feedback through a comprehensive employee satisfaction survey. The survey is conducted every two years by an external company (to ensure anonymity and non-biased reporting). The survey results provide SaskGaming with important information on where the corporation is meeting employee needs, and what areas employees think the corporation should put more effort into. The results from the 2014 survey were used to develop an action plan to improve the employee experience at SaskGaming.

Penny Slot Machines

In 2014, our Guest Advisory Committees were asked to share their thoughts, ideas and suggestions about their experiences at Casinos Regina and Moose Jaw. One of the changes that their feedback led to was a significant increase in the number of penny slot machines available at both properties. This reduced wait times for these popular machines and provided guests with a greater selection of game themes to choose from, improving their overall gaming experience.

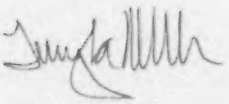
Management's Report on Financial Statements

The accompanying financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

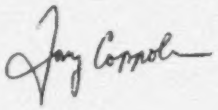
The financial statements for the year ended December 31, 2014 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority, assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee of the Board.

The Corporation's independent auditors, KPMG LLP, on behalf of management have examined the Corporation's financial statements as at December 31, 2014. The auditor's report, which follows, outlines the scope of their examination and sets forth their opinion.



Twyla Meredith
President and CEO



Tony Coppola
Chief Financial Officer

February 26, 2015

Management's Report on Internal Control over Financial Reporting

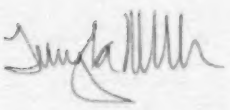
I, Twyla Meredith, the President and CEO of the Saskatchewan Gaming Corporation, and I, Tony Coppola, the Chief Financial Officer of the Saskatchewan Gaming Corporation, certify the following:

a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Gaming Corporation (SaskGaming). Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2014.

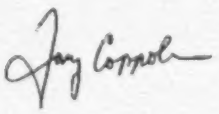
b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskGaming do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That SaskGaming is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskGaming has designed internal controls over financial reporting that are appropriate to the circumstances of SaskGaming.

d. That SaskGaming conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskGaming can provide reasonable assurance that internal controls over financial reporting as of December 31, 2014 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Twyla Meredith
President and CEO



Tony Coppola
Chief Financial Officer

February 26, 2015

Independent Auditor's Report

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Gaming Corporation, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saskatchewan Gaming Corporation as at December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants
February 26, 2015
Regina, Canada

Saskatchewan Gaming Corporation
Consolidated Statement of Financial Position

As at: (in 000s)	December 31 2014	December 31 2013
ASSETS		
Current assets:		
Cash	$ 10,343	$ 10,841
Accounts receivable	257	419
Inventory	285	321
Prepaid expenses	588	638
	11,473	12,219
Property, plant and equipment (Note 4)	61,521	66,638
	$ 72,994	$ 78,857
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	$ 9,785	$ 11,810
Payable to the General Revenue Fund (Note 5)	5,948	3,267
Dividend payable	4,802	1,578
Short-term advance (Note 6)	—	3,000
Current portion of long-term debt (Note 7)	1,572	7,476
Current portion of finance lease obligation (Note 8)	275	955
	22,382	28,086
Long-term debt (Note 7)	1,674	3,246
Finance lease obligation (Note 8)	6,516	6,083
	30,572	37,415
Equity advance (Note 9)	—	4,000
Retained earnings	42,422	37,442
	42,422	41,442
	$ 72,994	$ 78,857

Commitments and contingencies (Note 10)

(See accompanying notes)

On behalf of the Board:

Director

Director

Saskatchewan Gaming Corporation
Consolidated Statement of Comprehensive Income

For the year ended December 31

(in 000s)	2014	2013
Revenue (Note 11)	$ 128,028	$ 127,030
Operating expenses (Notes 12 and 19)	64,027	71,889
Depreciation	6,967	6,560
Taxes (Note 13)	3,089	3,197
Contractual obligations (Note 10)	3,015	3,015
Finance expense (Note 14)	1,126	1,277
Income before payment to the General Revenue Fund	49,804	41,092
Payment to the General Revenue Fund (Note 5)	24,902	20,546
Net income	24,902	20,546
Other comprehensive income	—	—
Comprehensive income	$ 24,902	$ 20,546

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the year ended December 31

(in 000s)	2014			2013		
	Retained Earnings	Equity Advance	TOTAL	Retained Earnings	Equity Advance	TOTAL
Balance as at January 1	$ 37,442	$ 4,000	$ 41,442	$ 33,333	$ 4,000	$ 37,333
Comprehensive income	24,902	—	24,902	20,546	—	20,546
Dividends	(19,922)	—	(19,922)	(16,437)	—	(16,437)
Repayment of equity advance	—	(4,000)	(4,000)	—	—	—
Balance as at December 31	$ 42,422	$ —	$ 42,422	$ 37,442	$ 4,000	$ 41,442

(See accompanying notes)

Saskatchewan Gaming Corporation
Consolidated Statement of Cash Flows

For the year ended December 31

(in 000s)	**2014**	**2013**
Operating activities:		
Net income	$ 24,902	$ 20,546
Adjustments for:		
Finance expense	1,126	1,277
Depreciation	6,872	6,584
Loss (gain) on sale of property, plant and equipment	95	(24)
Changes in non-cash working capital balances:		
Accounts receivable	162	(22)
Inventory	36	(1)
Prepaid expenses	50	28
Trade and other payables	(2,025)	1,465
Payable to the General Revenue Fund	2,681	(2,918)
	33,899	26,935
Investing activities:		
Proceeds from sale of property, plant and equipment	22	99
Purchases of property, plant and equipment	(1,872)	(6,576)
	(1,850)	(6,477)
Financing activities:		
Dividends paid	(16,698)	(20,314)
Interest paid	(1,126)	(1,277)
Proceeds from short term advance	—	6,000
Repayment of short term advance	(3,000)	(3,000)
Repayment of equity advance	(4,000)	—
Repayment of finance lease obligation	(247)	(224)
Repayment of long-term debt	(7,476)	(1,385)
	(32,547)	(20,200)
(Decrease) increase in cash	(498)	258
Cash, beginning of year	10,841	10,583
Cash, end of year	$ 10,343	$ 10,841

(See accompanying notes)

Saskatchewan Gaming Corporation
Notes to the Consolidated Financial Statements

December 31, 2014

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) is a corporation domiciled in Canada. The address of SaskGaming's registered office and principal place of business is 1880 Saskatchewan Drive, Regina, SK, S4P 0B2.

SaskGaming manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act* to establish and operate casinos in Saskatchewan; conduct and manage games of chance in casinos; and to establish and operate or to provide for the establishment and operation of any business or activity that it considers reasonably related to operating a casino. SaskGaming must operate in accordance with statutory provisions established under Section 207 of the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

SaskGaming operates under the direction of its owner, the Crown Investments Corporation (CIC) of Saskatchewan. CIC is the Government of Saskatchewan's holding corporation for its commercial Crown corporations. The financial results of SaskGaming are included in the consolidated financial statements of CIC.

2. Basis of Preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2015.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is SaskGaming's functional currency.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Useful lives of property, plant and equipment (Note 3(e) and Note 4)
- Customer loyalty program (Note 3(c))

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by SaskGaming and its subsidiary.

a) Basis of consolidation

The consolidated financial statements include the accounts of SaskGaming and its wholly-owned subsidiary, SGC Holdings Inc. which is incorporated under The Business Corporations Act (Saskatchewan). All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots and liabilities under the Players Club Program.

Ancillary revenues include food, beverage, parking and Show Lounge revenue.

Food, beverage and parking revenue is recognized when the goods and services are provided. Show Lounge revenue is recognized when the event occurs.

Revenues exclude the retail value of food, beverage and other promotional allowances provided on a complimentary basis to guests. The cost of providing the complimentary items is included in direct operating expenses.

c) Customer loyalty program

As part of its customer loyalty initiative, SaskGaming offers a Players Club Program to patrons. Under the program, club members accumulate reward points based on a combination of average bet, theoretical hold percentage, game speed and length of play at slot machines and tables. Members can redeem their points for cash or vouchers for free or discounted goods or services. SaskGaming records the points earned as a reduction of gaming revenue. A liability is accrued for the estimated cost of the earned points balance at the end of the period under the Players Club Program. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services and is deferred until the promotional consideration is provided.

d) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent cost.

e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts

of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. SaskGaming ceases to capitalize borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

Assets are depreciated commencing in the year in which they are available for use, using the straight-line method over their useful lives as follows:

Building and renovations, including leased building	5 - 40 years
Furniture and equipment	3 - 20 years

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to SaskGaming. All other leases are classified as operating leases.

Assets held under a finance lease are initially recognized as assets of SaskGaming and are measured at their fair value at the inception of the lease, or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expense and reduction of the lease obligation so as to achieve a constant rate on the remaining balance of the liability. The interest component is included in finance expense.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

g) Employee benefits

(i) Defined contribution plan

SaskGaming provides pension benefits to eligible employees through participation in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of comprehensive income when services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

h) Foreign currency

Transactions in foreign currencies are translated to the functional currency of SaskGaming at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All gains and losses on translation of these foreign currency transactions are included in income in the current period.

i) Financial instruments

(i) Non-derivative financial assets and liabilities

SaskGaming classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as fair value through profit or loss and is recorded at fair value. Accounts receivable are classified as loans and receivable. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

SaskGaming has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the General Revenue Fund, dividend payable, short-term advance and long-term debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SaskGaming derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by SaskGaming is recognized as a separate asset or liability. SaskGaming derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when SaskGaming has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in net income.

SaskGaming had no contracts with embedded derivatives as at December 31, 2014 (December 31, 2013 – no embedded derivatives).

j) Impairment

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash

flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

ii) Non-financial assets

The carrying amounts of SaskGaming's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k) Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

l) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after December 31, 2014. SaskGaming is assessing the impact of these pronouncements on its results and financial position. These include:

IFRS 9 "Financial Instruments" (IFRS 9 (2014)) expands on IFRS 9 as issued in 2009. The 2010 version has a significant impact on financial liabilities designated under the fair value option. In addition, IFRS 9 (2010) retains virtually all of the classification and measurement guidance in IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9 (2014) includes a new general hedge accounting standard which aligns hedge accounting with risk management. IFRS 9 is effective for periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers" replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31 and provides for a single model that applies to contracts with customers with two approaches to recognizing revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2017.

4. Property, Plant and Equipment

(in 000s)	Land	Buildings and renovations	Furniture and equipment	Finance lease	Total
Cost					
Balance at January 1, 2013	$ 15,154	$ 42,811	$ 32,595	$ 8,743	$ 99,303
Additions	—	342	6,234	—	6,576
Disposals	—	—	(2,308)	—	(2,308)
Balance at December 31, 2013	$ 15,154	$ 43,153	$ 36,521	$ 8,743	$103,571
Balance at January 1, 2014	$ 15,154	$ 43,153	$ 36,521	$ 8,743	$103,571
Additions	—	202	1,670	—	1,872
Disposals	—	(579)	(1,651)	—	(2,230)
Balance at December 31, 2014	$ 15,154	$ 42,776	$ 36,540	$ 8,743	$103,213
Depreciation					
Balance at January 1, 2013	$ —	$ 8,665	$ 22,450	$ 1,467	$ 32,582
Depreciation for the year	—	3,164	2,931	489	6,584
Disposals	—	—	(2,233)	—	(2,233)
Balance at December 31, 2013	$ —	$ 11,829	$ 23,148	$ 1,956	$ 36,933
Balance at January 1, 2014	$ —	$ 11,829	$ 23,148	$ 1,956	$ 36,933
Depreciation for the year	—	2,960	3,423	489	6,872
Disposals	—	(493)	(1,620)	—	(2,113)
Balance at December 31, 2014	$ —	$ 14,296	$ 24,951	$ 2,445	$ 41,692
Carrying Amounts					
At December 31, 2013	$ 15,154	$ 31,324	$ 13,373	$ 6,787	$ 66,638
At December 31, 2014	$ 15,154	$ 28,480	$ 11,589	$ 6,298	$ 61,521

SaskGaming leases building and land under a finance lease agreement. At December 31, 2014, the net carrying amount of leased building was $5,122,000 (December 31, 2013 - $5,611,000) and the leased land was $1,176,000 (December 31, 2013 – $1,176,000).

5. Payment to the General Revenue Fund

SaskGaming pays monies to the General Revenue Fund to the extent required to meet the Government's obligations under the *The Saskatchewan Gaming Corporation Act* to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund.

6. Short-term Advance

The short-term advance was due to the Government of Saskatchewan's General Revenue Fund. The advance had an interest rate of 1.01% and matured March 31, 2014.

7. Long-term Debt

(in 000s)	2014	2013
Debt from the General Revenue Fund, bearing interest at 2.85% per annum, due December 1, 2014. Interest is paid semi-annually	$ —	$ 6,000
Building loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	1,719	2,499
Building loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	1,527	2,223
	3,246	10,722
Current portion	(1,572)	(7,476)
	$ 1,674	$ 3,246

The above loans, excluding the debt from the General Revenue Fund, are secured by assets and a general security agreement and may only be repaid early with a penalty.

Principal repayments required in the next two years are as follows:

(in 000s)	
2015	1,572
2016	1,674
	$ 3,246

8. Finance Lease Obligation

Beginning in September 2002, SaskGaming leased the Casino Moose Jaw property for 25 years at an annual cost of $900,000 for the first ten years, and $955,000 annually thereafter. At the end of the lease, SaskGaming will acquire the property for the sum of one dollar.

(in 000s)	2014	2013
Total future minimum lease payments	$ 12,097	$ 13,052
Less: future finance charges on finance lease	(5,306)	(6,014)
Present value of finance lease obligation	6,791	7,038
Less: current portion of finance lease obligation	(275)	(955)
Finance lease obligation	$ 6,516	$ 6,083

As at December 31, 2014, scheduled future minimum lease payments and the present value of finance lease obligation is as follows:

(in 000s)	1 year	1 – 5 years	More than 5 years
Future minimum lease payments	$ 955	$ 3,820	$ 7,322
Present value of finance lease obligation	275	1,429	5,087

Fair value of the finance lease obligation is $8,283,000 (2013 - $8,206,000).

9. Equity Advance

As a Saskatchewan provincial Crown corporation, SaskGaming's equity financing is in the form of equity advances of nil (2013 - $4,000,000) from CIC.

10. Commitments and Contingencies

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SaskGaming entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SaskGaming agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and, subject to certain conditions, monthly payments of $216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SaskGaming entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SaskGaming agreed to pay MJEX $34,583 monthly, subject to certain conditions, starting in 2003 and continuing until 2028.

c) Litigation and claims

SaskGaming is involved in litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material impact on the consolidated financial position or the consolidated results of operations of SaskGaming.

11. Revenue

(in 000s)	2014	2013
Gaming revenue	$ 116,980	$ 115,745
Ancillary revenue	10,556	10,920
Other	492	365
	$ 128,028	$ 127,030

Ancillary revenues include revenue from food and beverage, parking, Show Lounge and other non-gaming related activities.

12. Operating Expenses

(in 000s)	2014	2013
Salaries and employee benefits	$ 36,142	$ 42,512
Employee future benefits	1,681	1,863
Maintenance and supplies	7,162	7,452
Advertising, promotions and sponsorships	4,543	4,527
Food and beverage cost of goods sold	3,539	3,316
Lease and rental	2,162	2,324
Printing and communication	1,723	1,993
Professional services	1,595	1,972
Entertainment	1,836	1,910
Other direct operating	3,644	4,020
	$ 64,027	$ 71,889

13. Taxes

SaskGaming is on the prescribed list of lottery corporations pursuant to Section 188 of *The Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SaskGaming calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SaskGaming to pay 10 per cent on the purchase of goods and services related to gaming activities.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

As a provincial Crown corporation, SaskGaming is not subject to federal or provincial income or capital taxes.

14. Finance Expense

(in 000s)	2014	2013
Interest on long-term debt	$ 419	$ 545
Interest on finance lease obligation	707	732
	$ 1,126	$ 1,277

15. Pension Plan

Substantially all of SaskGaming's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors. The Plan sponsor is CIC. The Capital Pension Plan is registered under *The Income Tax Act (Canada)* and is governed by the Superintendent of Pensions (Saskatchewan) in accordance with *The Pension Benefits Act (1992)*. SaskGaming's financial obligation is limited to making the employer's required contributions for current service. During the year, SaskGaming expensed $1,681,000 (December 31, 2013 - $1,863,000) for the employer's required contributions.

16. Bank Indebtedness

SaskGaming has established a line of credit of $3 million with its financial institution. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate. SaskGaming did not have any amount owing on the line of credit at December 31, 2014 (December 31, 2013 - nil).

17. Capital Management

SaskGaming's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of SaskGaming, and to ensure adequate returns to the shareholder.

SaskGaming funds its capital requirements through internal operating activities and debt. By Order-in-Council, SaskGaming may only borrow up to $56.2 million, which includes finance leases and temporary loans. SaskGaming also has an available line of credit of $3 million at a financial institution.

SaskGaming monitors capital on the basis of the debt to adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) ratio. The ratio is calculated as total debt divided by adjusted EBITDA. Total debt includes long and short term debt and finance lease obligation. Adjusted EBITDA is calculated as revenue less operating expenses.

For fiscal 2014, SaskGaming's goal is a debt to EBITDA ratio of 0.15.

The debt to EBITDA ratio is as follows:

(in 000s)	2014	2013
Long-term debt	$ 3,246	$ 10,722
Short-term advance	—	3,000
Finance lease obligation	6,791	7,038
Total debt	$ 10,037	$ 20,760
Revenue	$ 128,028	$ 127,030
Operating expenses	64,027	71,889
EBITDA	$ 64,001	$ 55,141
Debt to EBITDA ratio	0.16	0.38

18. Financial Risk Management

SaskGaming has exposure to the following risks from its use of financial instruments: market risk (foreign currency and interest rate risk), credit risk and liquidity risk.

a) Risk management

The Board of Directors has overall responsibility for the establishment and oversight of SaskGaming's risk management framework and is responsible for developing and monitoring SaskGaming's risk management policies.

SaskGaming's risk management policies are established to identify and analyze the risks faced by SaskGaming, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SaskGaming's activities.

SaskGaming's Board of Directors oversees how management monitors compliance with SaskGaming's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by SaskGaming. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

b) Fair value

Fair values approximate amounts at which financial instruments could be exchanged in an orderly transaction between market participants based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The fair values of long-term debt and finance lease obligation are estimated by discounting the expected future cash flows using the interest rate of a Government of Canada bond with similar terms, adjusted for an appropriate risk premium.

The following table presents the carrying amount and fair value of SaskGaming's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

(in 000s)			**2014**		**2013**	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	$10,343	$ 10,343	$ 10,841	$ 10,841
Accounts receivable	L&R	N/A	257	257	419	419
Trade and other payables	OFL	N/A	9,785	9,785	11,810	11,810
Payable to the General Revenue Fund	OFL	N/A	5,948	5,948	3,267	3,267
Dividend payable	OFL	N/A	4,802	4,802	1,578	1,578
Short-term advance	OFL	N/A	—	—	3,000	3,000
Long-term debt	OFL	Level Two	3,246	3,400	10,722	11,125

[1]Classification:
FVTPL - Fair value through profit and loss
L&R - Loans and receivables
OFL - Other financial liabilities

c) Foreign exchange risk

SaskGaming faces exposure to the U.S./Canadian dollar exchange rate through the purchase of goods and services payable in U.S. dollars. The risk is not considered significant. There has been no change in the risk exposure from 2013.

d) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SaskGaming may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SaskGaming has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SaskGaming's debt is at fixed interest rates. There has been no change in the risk exposure from 2013.

e) Credit risk

SaskGaming does not extend credit to its gaming customers. Credit risk is limited to its accounts receivable balance which consists primarily of credit extended to business entities for business functions held at the Show Lounge. Credit risk is not considered significant. There has been no change in the risk exposure from 2013.

f) Liquidity risk

Liquidity risk is the risk that SaskGaming is unable to meet its financial commitments as they become due or can only do so at excessive cost. SaskGaming manages its cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of SaskGaming's financial liabilities.

At December 31, 2014
(in 000s)

		Contractual cash flows					
Financial Liabilities	Carrying Amount	Total	0-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Trade and other payables	$ 9,785	$ 9,785	$ 9,785	$ —	$ —	$ —	$ —
Payable to GRF	5,948	5,948	5,948	—	—	—	—
Dividend payable	4,802	4,802	4,802	—	—	—	—
Debt	3,246	3,464	866	866	1,732	—	—
Finance lease obligation	6,791	12,097	478	478	955	2,865	7,321
	$ 30,572	$ 36,096	$ 21,879	$ 1,344	$ 2,687	$ 2,865	$ 7,321

At December 31, 2013
(in 000s)

		Contractual cash flows					
Financial Liabilities	Carrying Amount	Total	0-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Trade and other payables	$ 11,810	$ 11,810	$ 11,810	$ —	$ —	$ —	$ —
Payable to GRF	3,267	3,267	3,267	—	—	—	—
Dividend payable	1,578	1,578	1,578	—	—	—	—
Short-term advance	3,000	3,000	3,000				
Debt	10,722	11,368	952	6,952	1,732	1,732	—
Finance lease obligation	7,038	13,052	478	478	955	2,865	8,276
	$ 37,415	$ 44,075	$ 21,085	$ 7,430	$ 2,687	$ 4,597	$ 8,276

Management believes its ability to generate funds will be adequate to support these financial liabilities. There has been no change in the risk exposure from 2013.

19. Related Party Transactions

SaskGaming is indirectly controlled by the Government of Saskatchewan through its ownership of SaskGaming's parent, Crown Investments Corporation (CIC) of Saskatchewan. Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SaskGaming by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "government-related entities"). SaskGaming has elected to take a partial exemption under IAS 24 Related Party Disclosures which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. For the year ended December 31, 2014, the aggregate amount of SaskGaming's transactions with other government-related entities is approximately 7.1 per cent of direct operating expenses (December 31, 2013 – 6.4 per cent).

In addition, SaskGaming pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SaskGaming also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

Key management personnel compensation

In addition to salaries, SaskGaming provides non-cash benefits to key management personnel, defined as the President, Vice Presidents and Board members of SaskGaming. Key management personnel compensation is comprised of:

(in 000s)	2014	2013
Short term employee benefits	$ 1,401	$ 1,379
Post-employment benefits (defined contribution pension plan)	67	65
	$ 1,468	$ 1,444

Players Club Kiosks

The Players Club Kiosks help Players Club Members get the most out of their memberships in the loyalty reward program. In 2014, one of the most popular features on the kiosks was the monthly bonus games. In total, the bonus games were played more than 925,000 times throughout the year and approximately $780,000 in prizes were awarded. Additional kiosks were added to the gaming floors at Casinos Regina and Moose Jaw to keep up with guest demand.

GOVERNANCE

Mandate and Authority

The Saskatchewan Gaming Corporation (SaskGaming) was established as a Treasury Board Crown corporation under *The Saskatchewan Gaming Corporation Act (1994)* with the mandate to establish and operate casinos in Saskatchewan. Effective April 1, 2008, SaskGaming became a Crown corporation under the direction of the Crown Investments Corporation (CIC) of Saskatchewan, the holding company for Saskatchewan's Crown corporations.

SaskGaming is accountable to the Government of Saskatchewan through a Board of Directors appointed by the Lieutenant Governor in Council. Through the Chair, the Board is accountable to the Minister responsible for SaskGaming.

SaskGaming operates Casino Regina and Casino Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority (SLGA). Day-to-day operating practices at the casinos are governed by provincial regulations. SaskGaming also operates in accordance with statutory provisions under the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act, 1997*.

Profit Sharing

SaskGaming pays 50 per cent of its income to the General Revenue Fund (GRF) to fulfill the government's legislated commitment to the First Nations Trust and the Community Initiatives Fund (CIF) as outlined in *The Saskatchewan Gaming Corporation Act*. Half of SaskGaming's commitment flows to the First Nations Trust and the other half flows to the CIF.

- The First Nations Trust distributes funding to all First Nations in the province and requires these funds to be spent on economic development, social development, justice, educational development, recreational facilities development and operation, senior and youth programs, cultural development, community infrastructure, health initiatives and other charitable purposes.
- The CIF is overseen by the Ministry of Parks, Culture and Sport and provides grants to initiatives that enhance human development and community vitality.
  - By agreement, a portion of the funds established for the CIF are allocated to the Métis Development Fund, also known as the Clarence Campeau Development Fund (CCDF). Its mission is to improve the economic circumstances of Saskatchewan's Métis people by providing funding for business development, community economic development, development of management skills and assistance to new and existing Métis owned businesses.
  - This agreement specifies an 80/20 split (CIF/CCDF) on the first $10 million and an equal share (50/50) of any remaining revenues.

The remaining 50 per cent of SaskGaming's net income is available for dividend distribution through CIC for other priorities of government. The unused portion remaining is retained by SaskGaming for future needs.

Shareholder Direction and Communications

As the shareholder of SaskGaming, CIC establishes the general strategic direction (as it does for all subsidiary Crowns) and, in turn, SaskGaming supports that strategic direction.

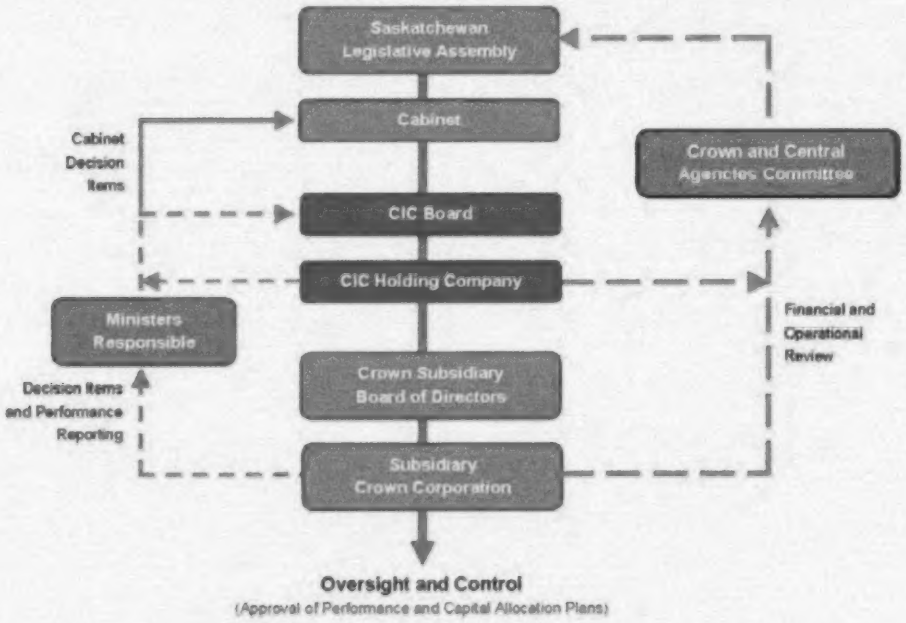
CIC communicates with SaskGaming through written policies or directives issued by CIC management or the CIC Board of Directors, and verbally through discussions with SaskGaming senior leaders. SaskGaming reports to CIC on a regular basis on matters such as the Balanced Scorecard results, financial statements and forecasts, capital expenditures and on an ad hoc basis as requested. Where required by legislation or directive, SaskGaming submits information and/or decision items for review and approval by CIC and the provincial Cabinet.

The President and Chief Executive Officer (CEO) of SaskGaming reports to a Board of Directors appointed by the Lieutenant Governor in Council. The Board is comprised of seven members, three of whom are nominated by the Federation of Saskatchewan Indian Nations (FSIN).

Through the Chair, SaskGaming's Board of Directors is accountable to the Minister responsible for SaskGaming. The Minister functions as a link between SaskGaming and provincial Cabinet, as well as the Legislative Assembly of Saskatchewan.

The Legislative Assembly appoints members to the Standing Committee on Crown and Central Agencies at the beginning of each legislative session. This committee holds public hearings and is empowered to review the annual report, financial statements and operations of Crown corporations and related agencies. The Minister responsible for SaskGaming and SaskGaming senior leaders are called before the Committee to answer questions about the year under review.

The following chart illustrates the accountability structure for Crown corporations:



Regulatory Compliance

The Saskatchewan Gaming Corporation Casino Amendment Regulations, 2007, govern the day-to-day operating practices at Casino Regina and Casino Moose Jaw. SaskGaming is also subject to *The Financial Administration Act, The Tabling of Documents Act, The Crown Corporations Act, The Freedom of Information and Protection of Privacy Act* and *The Heritage Property Act*.

SaskGaming has detailed policies and procedures in place to ensure compliance with all regulatory standards, and also has a compliance officer tasked with ensuring we meet our obligations. SaskGaming representatives from Risk & Compliance and Internal Audit meet quarterly with SLGA compliance investigators to discuss operational matters and to review new or existing policies and procedures. SaskGaming senior leaders are also in regular contact with SLGA through written and verbal interactions.

Role of the Board of Directors

The Board of Directors functions as a steward of the corporation and has a statutory authority and an obligation to manage the affairs and the business of the corporation. In satisfaction of this obligation, the Board provides oversight, while delegating to management the responsibility for day-to-day operations. The fundamental objective of the Board is to act in the best interests of SaskGaming, taking into account the public policy and business objectives of the corporation, with a view to enhancing shareholder value.

Board Composition

The composition of the Board of Directors is set out in SaskGaming's governing legislation. The Board consists of not more than seven members, who are appointed by the Lieutenant Governor in Council. Three members of the SaskGaming Board are nominated by the FSIN. Cabinet may fill any vacancy that occurs on the Board.

Board Appointment and Renewal

While the appointment of directors is ultimately made by the Lieutenant Governor in Council, it follows recommendations provided by CIC and the SaskGaming Board of Directors.

The Governance and Human Resources Committee, in compliance with the Crown Investments Corporation Board of Directors Appointment Policy, reviews current director skill profiles and competencies of Board and Committee members to support the strategic direction and operational needs of the corporation. This information is submitted to the Board for approval and then on to CIC for consideration. The Committee also reviews and makes recommendations regarding the composition of the Committees and appropriate Committee structure.

Compensation Practices

Compensation rates for directors are set by the CIC Board of Directors. Directors receive quarterly retainers when they are engaged in work for the corporation, including performance of any duties on behalf of the corporation or as a member of a Committee of the Board.

The CIC Board sets compensation rates according to the level of responsibility of the Board. The quarterly retainer for members of the SaskGaming Board of Directors is $5,000 for the Chair and $3,500 per director.

Committee Chairs also receive a quarterly retainer and members of committees receive a per diem for attendance at meetings. The Chair of the Audit and Finance Committee receives a $650 quarterly retainer and the Chair of the Governance and Human Resources Committee receives a $500 retainer. The maximum per diem for members of committees is $650 for a full-day and $325 for a half-day meeting.

Board expenses for the year ending December 31, 2014 totalled $137,928.

Code of Conduct

Members of the SaskGaming Board of Directors are governed by the CIC Code of Conduct for Directors of subsidiary Crown corporations. The CIC Code assists the Boards of subsidiary Crowns to more effectively fulfill their statutory and fiduciary obligations, and maintain a reputation for the highest standards of public trust and confidence in serving the interests of all stakeholders. The Governance and Human Resources Committee serves as Ethics Advisor to the Board, administers and enforces the CIC Code and reports annually to the Board on compliance with the Code.

CEO Assessment and Executive Compensation

The Board monitors and evaluates the performance of the President and CEO on an ongoing basis. The Governance and Human Resources Committee annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President and CEO for the upcoming year. The Committee, with the Chair of the Board, conducts an annual performance review of the President and CEO, based on agreed-upon objectives and developmental initiatives, which are approved by the Board and updated each year. The Committee shares the results of the annual performance review with the Board.

The executive compensation plan for Saskatchewan Crown corporations is defined by the shareholder, CIC. As a result, executive compensation at SaskGaming complies with the guidelines established by CIC's Crown Executive Compensation Policy, Procedures and Guidelines. Within the guidelines set by CIC, the Governance and Human Resources Committee monitors and annually reviews the compensation and benefit programs, policies and incentive compensation plans for executive and recommends to the Board, where appropriate, any changes to the compensation levels for the President and CEO or executive. Incentive compensation is tied to the achievement of corporate targets and the extent to which the targets are achieved determines executive eligibility for performance compensation.

Direct reports of the CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days. In addition, the Crown and Central Agencies Committee of the Legislative Assembly requires all Crown corporations, including SaskGaming, to file an annual Crown Payee Disclosure Report which includes the total compensation of executive members. The report is available on the CIC public website. The Governance and Human Resources Committee and the Board annually review the details of the report.

Succession Planning

SaskGaming has a workforce plan to ensure the corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which SaskGaming manages the development of desired competencies.

In support of SaskGaming's commitment to the training and development of employees, the Governance and Human Resources Committee approves and/or recommends the corporation's HR policies, guidelines, procedures and systems, and reports changes in policies to the Board. The Committee annually reviews and makes recommendations to the Board regarding the corporation's Succession Planning Framework, which was developed in 2011 to help SaskGaming meet its current and long-term needs and ensures it can meet its business plan goals. The Committee annually reviews updates regarding identified critical positions and associated mitigation plans.

The Committee is also responsible for the succession plan for the President and CEO, annually updating the position description outlining primary duties, responsibilities and accountabilities and making recommendations regarding the succession plan to the Board.

Board Committees

The Board has the authority to appoint any committees that it considers necessary for conducting the business of the corporation. The Board has developed Terms of Reference prescribing the scope, duties and responsibilities of the committees it has appointed to assist it in fulfilling its obligations.

Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the corporation's financial reporting, internal controls,

management information systems and risk management. The Audit and Finance Committee is directly responsible for the internal audit function, approving the internal audit charter, plan and resources and reviewing audit results. The Committee has responsibility to:

- oversee the work of the Internal Auditor and External Auditor;
- approve the Internal Auditor's annual audit plan, including any significant mid-year changes to the plan;
- resolve any disagreements regarding accounting, internal controls or auditing matters;
- retain independent counsel, accountants or others to advise the Committee as required, or to assist in conducting an investigation; and
- seek any information it requires from external parties or employees to conduct an investigation.

The Audit and Finance Committee has the authority to authorize investigations into any matter referred to it by the Board, or any other matter within the Committee's scope of responsibilities. The Committee meets in-camera with the corporation's Director of Internal Audit, as necessary, to better understand the information presented by Internal Audit or any other relevant issues. The Committee also meets regularly with the appointed External Auditor.

Key work of the Committee in 2014 included the review and recommendation for Board approval of the audit plan, Payee Disclosure Report, quarterly financial reports and quarterly Performance Management Plan reports. The Committee also reviewed the CEO/CFO certification report presented by the President & CEO and CFO, reviewed and approved the plans, costs and effectiveness of the internal audit function, and along with the Governance and Human Resources Committee reviewed the Terms of Reference for the Board and Committees.

In 2014, the Audit and Finance Committee held four meetings.

Members: Blair Ross (Chair), Chief Michael Starr, Bonnie Wallin, Wes Becker (Ex-Officio).

Governance and Human Resources Committee

The Governance and Human Resources Committee serves as an advisory body to the Board, providing leadership to the Board in relation to governance processes, policies and principles of the corporation and assisting the Board in nominating potential candidates for positions on the Board. The Committee oversees SaskGaming's overall employment environment and is responsible for the corporation's policies for human resource management, compensation and succession planning. This Committee also annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President and CEO, and conducts an annual performance review of the President and CEO in conjunction with the Chair of the Board.

The Committee develops and reviews the effectiveness of the corporation's corporate governance practices and bi-annually reviews the Terms of Reference of the Board and its committees. The Committee annually reviews the corporation's diversity initiatives and monitors the Employee Code of Conduct Policy and other workplace policies. It serves as Ethics Advisor to the Board, administering and enforcing the CIC Directors' Code of Conduct and reporting annually to the Board on compliance with the Code.

Key work of the Committee in 2014 was the review and rewrite of the Terms of Reference for the Board and Committees with a view to the back-to-basics philosophy adopted throughout the corporation. The Committee also approved the bargaining strategy for upcoming negotiations between SaskGaming and the Retail, Wholesale and Department Store Union at Casino Regina.

In 2014, the Governance and Human Resources Committee held four meetings.

Members: Patricia Thomson (Chair), Bonnie Wallin, Danah Hysuick, Wes Becker (Ex-Officio).

Governance Practices

SaskGaming's approach to corporate governance is substantially consistent with the guidelines set out in the Chartered Professional Accountants of Canada Handbook and the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The National Policy and National Instrument address the key areas of responsibility for effective corporate governance, including responsibility for stewardship of the corporation, the Board's role in working with management and the functioning of the Board. Although SaskGaming is not legally obligated to comply with CSA governance guidelines, the corporation has benchmarked its corporate governance practices against the CSA National Policy and National Instrument Guidelines in the following corporate governance scorecard.

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the SaskGaming Board appointed by the Lieutenant Governor in Council. The Federation of Saskatchewan Indian Nations (FSIN) nominates three Board members and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors):	Saskatchewan Gaming Corporation, as a statutory Crown corporation, does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.	Not Applicable
(a) Disclose the identity of directors; and (b) Describe who is independent and the basis for the determination of independence.	Wes Becker, Chair: Independent, retired banker. Blair Ross, Vice-Chair: Independent, President and COO, co-founder of SRG Security Resource Group. Danah Hysuick: Independent, Insurance Broker and Real Estate Agent. Bonnie Wallin: Independent, retired CEO of Mallard Diversified Services Inc. Patricia Thomson: Independent, Director of Health, FSIN appointee. Chief Michael Starr: Independent, Chief of the Starblanket First Nation, FSIN appointee. Chief Terry Lavallee: Independent, Chief of the Cowessess First Nations, consultant, FSIN appointee. None of the directors or their "associates" work with or for the corporation, or have material contracts or relationships with the corporation, or have received remuneration from the corporation in excess of the fees and compensation as directors or committee members or as directors of subsidiaries of the corporation.	Yes
(c) Indicate whether directors are directors of any other issuer that is a reporting issuer	SaskGaming does not have share capital, and therefore is not an issuer.	Not Applicable

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(d) Do directors hold regularly scheduled in-camera meetings to facilitate open and candid discussion? If so, how many meetings were held in the previous 12 months?	At each regular meeting the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held seven meetings in 2014.	Yes
(e) The chair should be independent to provide leadership for the directors.	The Board structure of SaskGaming is such that the Chair of the Board is independent.	Yes
(f) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	The following are the attendance statistics for Board meetings: Director — Board Meetings Attended Wes Becker — 6 Blair Ross — 7 Bonnie Wallin — 7 Patricia Thomson — 5 Michael Starr — 0 Terry Lavallee — 2 Danah Hysuick — 7 For the purposes of this report, members who attended meetings in part were considered to be present.	Provided
2. Board Mandate The Board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the corporation and which delineates its roles and responsibilities, including responsibility for:	The Board has written Terms of Reference that set out its responsibility to function as stewards of the corporation, and the obligation to manage the affairs and business of the corporation. While the fundamental objective of the Board is to act in the best interests of the corporation, the Board has a responsibility to ensure congruence among shareholder expectations, corporate plans and management performance. Terms of Reference are available to the public on the corporate website. The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.	Yes
(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;	The CEO and executive act in accordance with the governing legislation, the corporation's Code of Business Conduct and Ethics Policy and Board Terms of Reference which are available to the public on the corporate website. The Board has approved the "Integrity Matters" policy which provides a mechanism for anonymous internal reporting of actual or potential business misconduct. Each of the committees established by the Board has its own Terms of Reference, which are available on the corporate website. Board members are also governed by the CIC Code of Conduct for Directors.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) The adoption of a strategic planning process and approval of a strategic plan that takes into account, among other things, the opportunities and risks of the business;	SaskGaming has an integrated strategic planning process using the Balanced Scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities and to translate that direction into a results-focused, actionable performance plan. At the beginning of the process the Board of Directors engaged in a strategic planning event to review the environmental scan, determine the risks and impact on the corporation and the shareholder and determine a set of priorities for action over the next three to five years.	Yes
(c) The identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Management and the Board developed an integrated Enterprise Risk Management Framework in 2009 that integrated the corporation's risk management program into its annual planning process. Risk is an important responsibility for the Board. It receives and discusses reports on corporate-wide risks and mitigation strategies quarterly, it receives a quarterly report on compliance with gaming regulations and instituted a quarterly compliance certificate process for the CEO since 2012.	Yes
(d) Succession planning, including appointing, training and monitoring senior management;	SaskGaming has a workforce plan to ensure the corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which SaskGaming manages the development of desired competencies. In support of SaskGaming's commitment to the training and development of employees, the Governance and Human Resources Committee approves and/or recommends the corporation's HR policies, guidelines, procedures and systems, and reports changes in policies to the Board. The Committee annually reviews and makes recommendations to the Board regarding the corporation's Succession Planning Framework, which was developed in 2011 to help SaskGaming meet its current and long-term needs and ensures it can meet its business plan goals. The Committee semi-annually reviews updates regarding identified critical positions and associated mitigation plans. The Committee is also responsible for the succession plan for the President and CEO, regularly updating the position description outlining primary duties, responsibilities and accountabilities and making recommendations regarding the succession plan to the Board.	Yes
(e) A communications policy for the corporation;	SaskGaming is committed to the principles of transparency, openness and timeliness in communications with its owner, employees, stakeholders and the public. The corporation complies with communication requirements set by the shareholder. The Board approved a Communications policy in 2009 that the corporation continues to follow.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(f) The integrity of the corporation's internal control and information management systems;	The Board has appointed an Audit and Finance Committee to assist the Board in fulfilling its responsibilities with respect to the adequacy and integrity of the corporation's financial reporting, internal control systems, risk management and relationship with external auditors. The Audit and Finance Committee reviews the corporation's Information Technology Plan annually.	Yes
(g) Development of approach to corporate governance, principles and guidelines;	The Governance and Human Resources Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of SaskGaming's corporate governance practices. The Committee also serves as the ethics advisory to the Board. SaskGaming undertook its annual review of the Board's and Board Committee's Terms of Reference in 2014, which included special emphasis on simplifying and streamlining reporting. Revised Terms of Reference for Board and Committees are available to the public on the corporate website.	Yes
(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.	The duties of directors are set out in legislation. A Code of Conduct applicable to the directors of all subsidiary Crown corporations also guides members of the Board. The primary responsibility of the Board of Directors is to foster the long-term success of the corporation consistent with the Board's responsibility to its shareholder. The Chair of the Board participates in a CIC Chairs forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown corporation Board Chairs on the expectations of the Holding Company as representatives of the shareholder. Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its Committees are reviewed annually.	Yes
3. Position Descriptions (a) The Board should develop position descriptions for the Chair of the Board and Chair of each Board Committee;	The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties and responsibilities of each.	Yes
(b) Together with the CEO, develop a position description for the CEO delineating management's responsibilities and approving corporate goals and objectives that the CEO is responsible to meet.	The Board has developed the Board's Terms of Reference which outline the responsibilities of the Board and Management. The Board has approved a position description that sets out the primary duties, responsibilities and accountabilities of the President and CEO. The Board has also approved policies for expenditure authorities for the President and CEO and executive officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval. The Board reviews and approves the annual Management Performance Plan, Balanced Scorecard targets and budget. The President and CEO is expected to deliver these outcomes.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
4. Orientation and Continuing Education The Board should ensure new directors receive comprehensive orientation and fully understand the role and the contribution they are expected to make; and, the Board should provide continuing education opportunities for all directors.	The Governance and Human Resources Committee has responsibility to provide an appropriate orientation program for new directors and a continuing education program for all directors. Directors receive an orientation to the corporation and the industry from Management. CIC delivers a comprehensive training program. This modular program focuses on the highest caliber governance practices, including technical and behavioural aspects of Board governance. Directors who complete all five modules of the program are eligible to write a final examination and receive certification as a Chartered Corporate Director.	Yes
5. Code of Business Conduct and Ethics (a) The Board should adopt a written code of business conduct and ethics applicable to directors, officers and employees of the corporation which is designed to promote integrity and deter wrongdoing. The code should address conflicts of interest, protection, proper use of corporate assets and opportunites, confidentiality, fair dealing, compliance with laws, rules and regulations and provide a mechanism to report illegal or urethical behaviour.	Directors of the corporation are required to abide by CIC's Directors' Code of Conduct. The Governance and Human Resources Committee, as the Ethics Advisor to the Board, is required to administer, monitor and enforce the Directors' Code of Conduct, which includes reporting annually to the Board concerning compliance. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence. The Governance and Human Resources Committee annually reviews the enforcement of and compliance with corporate policies related to employee conduct, harassment and violence in the workplace.	Yes
(b) The Board should monitor compliance with the code and grant any waivers required for directors and executive officers. Any waives for a material departure from the code for any directors or officers should be granted by the Board.	The Governance and Human Resources Committee monitors and reports annually to the Board concerning compliance with the CIC Directors' Code of Conduct. The Committee also advises directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest. No waivers were granted in 2014.	Yes
6. Nomination of Directors (a) The Board should appoint a nominating committee composed of entirely independent directors, with a written charter establishing the Committee's purpose, responsibilities, member qualificatcns, appointment, removal, structure and operations.	SaskGaming does not have a separate nominating committee; however, SaskGaming's Governance and Human Resources Committee performs the function of a nominating committee. As stated in the Terms of Reference, the Committee will, in compliance with the Crown Investments Corporation Board of Directors Appointment Policy, review current director skill profiles and identify skill gaps which if filled could enhance Board performance. This information is then submitted to the Board for approval and then on to CIC for consideration. The Committee also reviews and makes recommendations regarding the composition of the Committees and reviews and recommends appropriate Committee structure. All of the Governance and Human Resources Committee members are independent.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) The Board should adopt a nomination process which first considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and, identifies competencies and skills each new nominee would bring to the Board, including the ability to devote sufficient time and resources to the job.	The Governance and Human Resources Committee is responsible for assessing the skills and competencies of Board and Committee members to support the strategic direction and the operational needs of the corporation. The Board may make recommendations to the CIC Board respecting the appropriate mix of skills, qualifications and expertise required for new directors. The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position. (For reference: *The Saskatchewan Gaming Corporation Act* requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)	Yes
7. Compensation (a) The Board should appoint a compensation committee composed entirely of independent directors, with a written charter to establish the committee's purpose, responsibilities, member qualifications, appointment, removal, structure, operations and manner of reporting to the Board.	The Board has appointed a Governance and Human Resources Committee, which has responsibility to make recommendations to the Board on human resource and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the Committee. The Committee has been given the authority to retain any outside advisor it deems necessary. The Board monitors and evaluates the performance of the President and CEO on an ongoing basis. The Governance and Human Resources Committee conducts an annual performance review of the President and CEO. The Governance and Human Resources Committee is comprised of independent directors.	Yes
(b) The compensation committee should be responsible for reviewing and approving corporate goals and objectives relative to the CEO's compensation, the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on the evaluation; as well as reviewing executive compensation prior to public disclosure.	The Governance and Human Resources Committee annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President and CEO for the upcoming year. The Committee, with the Chair of the Board, conducts an annual performance review of the President and CEO, based on agreed-upon objectives and developmental initiatives, which are approved by the Board and updated each year. The Committee shares the results of the annual performance review with the Board. The Committee reviews the President and CEO position profile as required, or at least every three years, and recommends any amendments to the Board for approval. The executive compensation plan for Saskatchewan Crown corporations is defined by CIC. As a result, executive compensation at SaskGaming aligns with the guidelines established by CIC. Within the guidelines set by CIC, the Governance and Human Resources Committee monitors and annually reviews the compensation and benefit programs, policies and incentive compensation plans for executive and recommends to the Board, where appropriate, any changes to the compensation levels for the President and CEO or executive. Incentive compensation is tied to the achievement of corporate targets and the extent to which the targets are achieved determines executive eligibility for performance compensation.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b continued)	Direct reports of the CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days. In addition, the Crown and Central Agencies Committee of the Legislative Assembly requires all Crown corporations, including SaskGaming, to file an annual Crown Payee Disclosure Report which includes the total compensation of executive members. The report is available on the CIC public website. The Governance and Human Resources Committee and the Board annually review the details of the report.	Yes
(c) The compensation committee should be responsible to make recommendations to the Board with respect to director compensation.	Compensation levels for directors, the Chair of the Board and Committee Chairs are set by the CIC Board of Directors.	Not Applicable
8. Other Board Committees Identify standing committees other than audit, compensation and nominating, and describe their function.	The Board has the authority to appoint any committee it considers necessary for the efficient conduct of the affairs and business of the corporation.	Yes
9. Board Assessments The Board, its committees and each individual director should be regularly assessed with respect to their effectiveness and contribution in terms of the board or committee's terms of reference, or an individual director's position description and competencies and skills.	The Board follows a process to evaluate the performance of the Board, Board Chair, Committees, Committee Chairs and individual directors. Evaluations are conducted bi-annually, with the Board and Board Chair evaluated one year, and the Committees, Committee Chairs and directors evaluated in alternate years.	Yes
10. Director Term Limits and Other Mechanisms of Board Renewal Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The SaskGaming Board is appointed by the Lieutenant Governor in Council. Three members of the SaskGaming Board are nominated by the FSIN and all directors serve for no more than three years. Cabinet may fill any vacancy that occurs on the Board.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
11. Policies Regarding the Representation of Women on the Board (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	The corporation does not appoint or hire the directors of the Board so no policy relating to the identification and nomination of women directors exists. The SaskGaming Board is appointed by the Lieutenant Governor in Council. The Federation of Saskatchewan Indian Nations (FSIN) nominates three Board members and the provincial Cabinet appoints four members. Currently, three out of seven directors of the Board are women.	Not Applicable
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	Not applicable	Not Applicable
12. Consideration of the Representation of Women in the Director Identification and Selection Process Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reasons for not doing so.	The corporation does not appoint or hire the directors of the Board so no policy relating to the identification and nomination of women directors exists.	Not Applicable

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
13. Consideration Given to the Representation of Women in Executive Officer Appointments Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	The level of representation of women is considered when hiring at the executive officer level. Preference is given to qualified women during the hiring process. Note – There has been no hiring at this level since 2011.	Yes
14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions (a) For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.	SaskGaming has no target regarding the representation of women on the Board and no target regarding the representation of women in executive officer positions.	Not Applicable
(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	SaskGaming has not adopted a target as the Board is appointed by the Lieutenant Governor in Council.	Not Applicable
(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.	SaskGaming has not adopted a target as the representation of women in executive level positions is already considered during the hiring process.	Not Applicable
(d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.	Not applicable	Not Applicable

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
15. Number of Women on the Board and in Executive Officer Positions (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's Board who are women.	Forty-three per cent, or three out of seven, directors on the Board are women.	Provided
(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	Thirty-three per cent, or two out of six, executive officers are women.	Provided

Board of Directors

Wes Becker, Chair, of Regina, Saskatchewan retired from a career with CIBC having held various management positions, primarily within the bank's Commercial Banking division. Prior to retirement Mr. Becker acted as the Program Director for the Agricultural Value-Added Loan Program, a partnership between CIBC, Farm Credit Canada and Western Economic Diversification. A fellow of the Institute of Canadian Bankers Professional Banking Program, Mr. Becker has served as Chair of Saskatchewan Gaming Corporation since April 1, 2008.

Blair Ross, Vice-Chair (Chair, Audit and Finance Committee), of Regina, Saskatchewan is co-founder of SRG Security Resource Group Inc., a Saskatchewan-based Security firm providing investigation, security patrol, 24 CCTV real-time monitoring and information technology security services across Western Canada. He has over 22 years of experience in business with the majority of his experience gained in the private security industry. In those 22 years he has built and managed security operations from the ground up. He has managed the security personnel at large scale events (e.g. the Pan American Games in Winnipeg) across Western Canada. A recipient of an Honourary Lifetime Big Brother award for his volunteer commitment, he also has co-chaired the CTV Sandra Schmirler Charity Golf Classic.

Board of Directors Standing (left to right):
Blair Ross, Chief Terry Lavallee, Danah Hysuick, Dale Bloom (CIC Corporate Secretary), Chief Michael Starr, Wes Becker

Seated (left to right):
Bonnie Wallin, Patricia Thomson

Danah Hysuick of Indian Head, Saskatchewan is an insurance broker, real estate agent and former business owner. She has attained the Canadian Accredited Insurance Broker designation and works at Indian Head Agencies. Ms. Hysuick serves as the President of Forever Friends of Hope Foundation Incorporated, a fundraising organization which provides financial assistance and support to women facing cancer in Saskatchewan. In recognition of her work with this organization she received the Community Leadership and Enhancement award at the 2013 YWCA Regina's Women of Distinction awards. She is married and has two teenage children.

Bonnie Wallin of Wadena, Saskatchewan has spent the past 30 years working with adults with intellectual disabilities. She is recently retired and is a past member of the Saskatchewan Association of Rehabilitation Centers' Board of Directors. She has also served as a member of the SGI Board of Directors. She is a former Chair of the Wadena Economic Development and Tourism Committee, a past Worthy Matron of the Order of the Eastern Star (Wadena chapter) and is an active member of the Royal Canadian Legion and Chair of the Wadena Community Cares Foundation.

Patricia Thomson (Chair, Governance and Human Resource Committee), a member of Carry the Kettle First Nation, is a wife, mother and grandmother. She is currently employed with Standing Buffalo Dakota Nation as the Director of Health. Patricia has served on numerous boards, locally, regionally and nationally and continues to offer input into approaches that are sensitive to the needs of First Nations people. Patricia prioritizes and fosters relationships that build trust and understanding amongst partners. She has an extensive background in the areas of program management, development, implementation and delivery of First Nations services.

Chief Michael Starr of the Starblanket First Nation represents File Hills Qu'Appelle Tribal Council on the Indian Gaming Regulators (IGR) Board of Directors. He formerly served five conservative three-year terms on council where his primary work was in the area of education, sports and recreation and youth. Chief Starr encourages and promotes the treaty principles among youth, stating, "They are our future leaders and knowledge keepers." Chief Starr has been very active in sports, particularly hockey and continues his physical fitness with outdoor biking. In addition to outdoor sporting activities, Chief Starr lives a non-intrusive lifestyle by attending traditional ceremonies and spending quality time with his family.

Chief Terry Lavallee of the Cowessess First Nation was raised and attended school at Cowessess and Broadview, graduated from Sheldon Williams High School in Regina and later attended the University of British Columbia and the University of Alberta. After leaving home he spent time in Toronto where he organized cultural activities and founded a cultural dance group called "Indian Canada." Other accomplishments include: conducting audio-visual programming at the University of Alberta and Muskwachee Cultural College in Hobbema, Alberta; and organizing and maintaining a provincial sports organization in Alberta. On the national level, Chief Lavallee was a member of the Council of Aboriginal Leaders for the Bank of Montreal, and he is a member of the National Environment Committee. He also served on the board of the Saskatchewan Indian Federated College. Chief Lavallee has a Bachelor of Arts degree in Political Science and Administration from the University of Regina, and operates his own Red Thunder consulting firm.

Executive Team

Twyla Meredith, FCPA, FCMA, President and CEO

Twyla joined SaskGaming in 1995, and served as Senior Vice President of Finance and Administration prior to her appointment as President and CEO in 2009.

She helped change the face of SaskGaming, leading the project teams that brought the addition of the Casino Regina Show Lounge, pedway and parking garage, and the opening of Casino Moose Jaw in 2002.

A dedicated volunteer, Twyla's community involvement includes serving on the Board of Directors for the Saskatchewan Roughriders, Canadian Gaming Association and 3sHealth. She was also chair of the CIS Women's Basketball Championship at the University of Regina and has served on the boards of Capital Pension Plan, Regina Downtown, the Hospitals of Regina Foundation and Financial Executives International.

Twyla holds a Bachelor of Administration from the University of Regina, is a Certified Management Accountant and a Fellow of the Society of Management Accountants of Canada. Prior to joining SaskGaming, she held senior financial positions at the Department of Justice, the Department of Finance and Saskatchewan Government Insurance.

Gerry Fischer, Chief Operating Officer

Gerry has been part of the SaskGaming team since day one, coming on board in 1996 as Director of Sales and Promotions. He became Vice President of Marketing the following year. In 2005, Gerry became the Vice President of Operations and was named the Chief Operating Officer in 2013.

With a strong background in corporate fundraising and event organization, Gerry has worked with groups including the Hospitals of Regina Foundation, the Canadian Master's Summer Sports Festival and the Children's Health Foundation.

His previous volunteer activities including chairing the Admin Student Alumni Association at the University of Regina, working as Vice-President of Marketing for the 2003 Grey Cup, and working with Tourism Regina (Vice-Chair), Tourism Moose Jaw, the McCain TSN Skins Game (Marketing Chair), the Prairie Fire Rugby Club and the Juvenile Diabetes Association.

Currently, Gerry serves as Vice Chair of the Regina Downtown Business Improvement District and as a member of the Royal Regina Golf Club board.

Gerry holds a degree in Economics and a Bachelor of Administration from the University of Regina.

Tony Coppola, MA, CPA, CMA, Chief Financial Officer

Tony completed his BA Honours Degree in Economics at the University of Regina and his Master's degree in Economics at Simon Fraser University. Continuing education has included completion of the Executive Program at Ivey, the Queen's Leadership program, the Casino Executive Development Program, University of Nevada, Reno and recently a Certified Management Association (CMA) designation.

In his 20 year career at SaskTel he served in a variety of roles including regulatory, finance, marketing of the wireless portfolio, business development for wireless, strategic planning and international work with SaskTel International. He led the launch of several new business opportunities including SaskTel's security monitoring (SecurTek), vehicle tracking (LoadTrak), well head monitoring (SiteLink), wireless point of sale terminals and a wireless network build in Trinidad and Tobago.

In June of 2006, he moved to Saskatchewan Gaming Corporation as the Senior Vice President of Marketing and Product Development. In March of 2009, he assumed the role of Senior Vice President of Finance and Administration which included responsibility for finance, procurement, facilities planning, strategic planning and reporting, business process improvements and information technology. Tony became the Chief Financial Officer in 2013 and also assumed responsibility for the casino banking operations.

Tony has served as a Director for Tourism Regina and Director for Tourism Saskatchewan. He is currently a Director on the Board for the Regina Regional Opportunities Commission where he served as Board Chair for over four years.

Susan Flett, Chief Marketing Officer

Susan joined SaskGaming in 2000 as Director of Player Relations and went on to become Director of Marketing in 2004. In 2010, Susan was appointed Vice President of Marketing and became the Chief Marketing Officer in 2013.

Before joining the corporation, Susan held positions at Crown Life Canada, Crown Investments Corporation and Saskatchewan Transportation Company.

In 1999, Susan was honoured with the Lieutenant Governor's Medal for Outstanding Public Service in Saskatchewan, as a part of the Crown Investments Corporation of Saskatchewan Strategic Management Team and Corporate Secretariat.

In the community, Susan has served as a Director for the Moose Jaw Multiplex, is currently a member of the Tourism Executive Committee, a Director on the Regina Symphony Orchestra Board, and serves on the Interjurisdictional Steering Committee of the Canadian Gaming Association.

Susan completed her Bachelor of Administration at the University of Regina. She also holds a Queen's University Certificate in Human Resource Management and completed the Executive Program at Queen's University.

SaskGaming Executive
(left to right):
Tony Coppola, Susan Flett,
Gerry Fischer, Twyla Meredith,
Blaine Pilatzke, Bob Arlint

Bob Arlint, Executive Director, Risk and Compliance

Bob joined SaskGaming in 2001 as a Gaming Control Officer. He later accepted the position of Manager of Gaming Control and Director of Security. Bob accepted the role of Vice President of Corporate Risk and Compliance in 2006, and became the Executive Director of Risk and Compliance in 2013.

Bob completed his undergraduate education in the Northwest Territories before studying Social Work at Red Deer College. He then returned north to work for the Government of the Northwest Territories Department of Social Services. In 1976, he joined the Royal Canadian Mounted Police and served for 25 years in various postings throughout the Northwest Territories and Saskatchewan.

In the community, Bob serves on the Board of Directors of the Gaming Security Professionals of Canada. He is also actively involved in and a voting member of the Responsible Gambling Sub-Committee of the Interprovincial Lottery Corporation of Canada.

Blaine Pilatzke, Executive Director, Human Resources

Blaine attended the University of Saskatchewan and graduated from the University of Regina.

Blaine spent 17 years working in the labour relations field before coming to SaskGaming in 2004 as Director of Labour Relations. He was appointed the Vice President of Human Resources in 2007 and became the Executive Director of Human Resources in 2013.

Prior to his labour relations career, Blaine worked as a Primary Products Inspector for the Food Production and Inspection branch of Agriculture Canada. There he became active in his union local, and in 1987 he became a Regional Representative with the Public Service Alliance of Canada.

In the community, Blaine serves as a member of the Capital Pension Board.

Optimal Balanced Scorecard Targets Appendix

In 2012, SaskGaming developed long-term targets on five measures in its Balanced Scorecard (BSC) within the 2013-17 Performance Management Plan at the direction of Crown Investments Corporation. SaskGaming chose the targets listed below based on a combination of analysis completed by an external consultant (HLT Advisory Inc.) and its own internal analysis:

- Employee Satisfaction;
- EBITDA Margin;
- Debt-EBITDA Ratio;
- Capital Asset Turnover Ratio; and
- Payroll Margin.

The only exception to this is the Employee Satisfaction measure. The optimal target for this measure was chosen on the basis of historical results and SaskGaming's expectations for results in this area.

For the 2014 BSC, SaskGaming added long-term optimal targets for another nine measures within its BSC. This brought the total number of measures with long-term optimal targets to 14 (out of the 18 measures in the 2014 BSC). Targets for six of the new measures (Mystery Shopper, Guest Satisfaction, Service Component of Guest Satisfaction, Guest Opinion about Safety on Premises, Guest Awareness of Responsible Gaming and Public Opinion of Community Support) were based on a combination of historical results and an analysis of what a statistically significant change is for the measure. SaskGaming believes its long-term, optimal targets for these measures will drive long-term success for the organization. Long-term optimal targets for three other measures (Core Training, Employee Absenteeism and Aboriginal Sponsorship) are not specifically related to surveys but where achieving the long term targets will represent real success for the corporation.

SaskGaming's Long-Term Optimal Balanced Scorecard Targets

MEASURES	OPTIMAL TARGETS
TARGETS DEVELOPED FOR 2013 BSC	
1. EMPLOYEE SATISFACTION	55.0%
2. EBITDA MARGIN	47.0%
3. DEBT-EBITDA RATIO	0.25
4. CAPITAL ASSET TURNOVER RATIO	2.5
5. PAYROLL MARGIN	32.0%
TARGETS DEVELOPED FOR 2014 BSC	
1. MYSTERY SHOPPER	90.0%
2. GUEST SATISFACTION	80.0%
3. SERVICE COMPONENT OF GUEST SATISFACTION	85.0%
4. GUEST OPINION ABOUT SAFETY ON PREMISES	85.0%
5. GUEST AWARENESS OF RESPONSIBLE GAMING	60.0%
6. CORE TRAINING	90.0%
7. EMPLOYEE ABSENTEEISM	5.0%
8. PUBLIC OPINION OF COMMUNITY SUPPORT	50.0%
9. ABORIGINAL SPONSORSHIP	25.0%
TARGETS DELETED FOR 2015 BSC	
1. GUEST AWARENESS OF RESPONSIBLE GAMING	N/A

In 2015, SaskGaming is changing the methodology for the Guest Awareness of Responsible Gaming. SaskGaming adopted the British Columbia Lottery Corporation's (BCLC) GameSense responsible gaming program in 2013. However, SaskGaming continued to use its existing methodology for measuring guest awareness of the responsible gaming programming. SaskGaming's methodology only asked respondents a general question on their knowledge of the corporation's responsible gaming program. BCLC's research questions prompts respondents recall by asking if they remember specific elements of the GameSense program. It is believed this research method will provide a more accurate assessment of guests' awareness of the responsible gaming program.

Since BCLC's scores on its equivalent measure were significantly higher historically, SaskGaming tested the BCLC methodology in 2014 to see what the results might be with its guests. The scores using the BCLC methodology was significantly higher (e.g. SaskGaming scored 58.5 per cent using its traditional methodology but 74.2 per cent using the BCLC methodology). This result was used to benchmark SaskGaming's future targets.

Based on these results, SaskGaming will begin using the BCLC methodology starting in 2015. This means the previously set long-term, optimal target for Guest Awareness of Responsible Gaming is no longer valid. However, the corporation does not have enough experience to choose a new long-term, optimal target using the new methodology.

Balanced Scorecard Reference Table Appendix

Measure	Description	Purpose	Methodology	2014 Target Explanation
Guest Experience Excellence				
Mystery Shopper Score **Lead indicator** **Measured Semi-Annually** **Lead: Operations**	Mystery Shopper Score rates casino employee ability to provide customer service related to the following four dimensions of the new 'Game On' customer service philosophy: • Greeting guests; • Anticipating guest needs; • Meeting guest needs; and • Engaging guests.	Objectively measures service quality provided by casino employees in the opinion of service quality experts.	Measured semi-annually, an external consultant conducts a series of transactions with employees to quantitatively and qualitatively measure their service experience against the four service dimensions of the 'Game On' service philosophy using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviors to rate each dimension. In total, the Mystery Shopper survey assesses 27 specific staff positions at the two casinos. The target is to complete a total of 300 and 150 mystery shopper transactions at Casino Regina (CR) and Casino Moose Jaw (CMJ) respectively. The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).	The Mystery Shopper survey was revamped in the 2012-16 BSC to better reflect the 'Game On' service philosophy. Through 2012 and 2013, the actuals on this measure have plateaued in the 93%-94% range. The Mystery Shopper score is already at a high level. Historically with other surveys, once over the 80% barrier, the score is difficult to increase. In light of this, SaskGaming had the external consultant complete an analysis of what represents a statistically significant change in the Mystery Shopper measure from one period to the next. The external consultant concluded that, based on the sample sizes, +/- 3 percentage points is a statistically significant change. Based on this, SaskGaming has a set a target of 90% for 2014 as it believes this represents an optimal target for this measure.
Guest Satisfaction Survey **Lead indicator** **Measured Semi-Annually** **Lead: Marketing and Operations**	The corporation measures three aspects of Guest Satisfaction: Service, Products and Property. An average score is calculated for CR and CMJ.	Objectively measures guests overall satisfaction with their casino experience.	Exit surveys are conducted on a semi-annual basis as guests are leaving the properties. Guests are asked to rate their satisfaction, on a scale of 1 to 10, on a series of questions on employee service, product delivery and property attributes. The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).	The Guest Satisfaction measure was new in 2012. Since then, it has hovered around the 80% mark. Like the Mystery Shopper, Guest satisfaction is already at a high level. Historically with other surveys, once over the 80% barrier, the score has increased at a decreasing rate. Just like the Mystery Shopper, SaskGaming had its external consultant complete an analysis of what represents a statistically significant change in the Guest Satisfaction measure from one period to the next. The external consultant concluded that, based on the sample sizes, +/- 4 percentage points is a statistically significant change. Based on the above, SaskGaming has set a 2014 target of 80% as it believes this represents an optimal target for this measure.

Measure	Description	Purpose	Methodology	2014 Target Explanation
Guest Experience Excellence				
Guest Opinion about Safety on Premises **Lag Indicator** **Measured Semi-Annually** **Lead: Operations**	A measure of casino visitors' opinion of personal safety measures at CR and CMJ.	SaskGaming is committed to ensuring the safety of our employees and patrons. Security and integrity is a pillar of SaskGaming's Corporate Social Responsibility Framework.	Exit surveys are conducted on a semi-annual basis. Guests are asked to rate their satisfaction, on a scale of 1 to 10, with personal safety measures at CR and CMJ. The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).	The Guest Opinion about Safety on Premises measure was new in 2012. Since then, it has hovered around the 85% mark. Like the Mystery Shopper and Guest Satisfaction measures, Guest Opinion about Safety is already at a high level. Historically with other surveys, once over the 80% barrier, the score has increased at a decreasing rate. Just like the Guest Satisfaction measures, SaskGaming had its external consultant complete an analysis of what represents a statistically significant change in the Guest Opinion about Safety measure from one period to the next. The external consultant concluded that, based on the sample sizes, +/- 4 percentage points is a statistically significant change. Based on the above, SaskGaming has set a 2014 target of 85% as it believes this represents an optimal target for this measure.
Employee Experience Excellence				
Employee Satisfaction **Lead indicator** **Measured Bi-Annually** **Lead: Human Resources**	Measures SaskGaming employees' level of satisfaction with their work environment.	The purpose of the survey is to confirm or discover what motivates employees, what drives loyalty and what genuinely keeps employee happy in order to increase staff retention/reduce turnover.	SaskGaming will implement the survey bi-annually. The results will be reviewed by an internal committee to determine the responses and actions that are required. The Employee Satisfaction Survey is based on the National Business Research Institute's (NBRI) employee survey.	Employee Satisfaction was measured at 48% in 2012. In 2013, there was an approximate 25% reduction in out-of-scope staff due to the re-structuring. It is anticipated the score will decrease to 45% as remaining staff are likely to be somewhat negatively impacted by these changes.

Measure	Description	Purpose	Methodology	2014 Target Explanation
Employee Experience Excellence				
Service Component of Guest Satisfaction **Lead indicator** **Measured Semi-Annually** **Lead: Operations**	The corporation measures three aspects of Guest Satisfaction: Service, Products and Property. This is simply the Service component of that survey. An average score is calculated for CR and CMJ.	Objectively measures service quality provided by casino employees in the opinion of guests. This measure is a proxy for the effectiveness of SaskGaming's hiring and training programs.	Exit surveys are conducted as guests are leaving the properties. Guests are asked to rate their satisfaction, on a scale of 1 to 10, regarding overall satisfaction with the service received from casino staff across a number of areas of service. The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).	The Service Component of Guest Satisfaction measure was new in 2012. Since then, it has hovered around the 83% mark. Like the Guest Satisfaction measures, Service Component of Guest Satisfaction is already at a high level. Historically with other surveys, once over the 80% barrier, the score has increased at a decreasing rate. Just like the Guest Satisfaction measure, SaskGaming had its external consultant complete an analysis of what represents a statistically significant change in the Service Component of Guest Satisfaction measure from one period to the next. The external consultant concluded that, based on the sample sizes, +/- 4 percentage points is a statistically significant change. Based on the above, SaskGaming has set a 2014 target of 85.0% as it believes this represents an optimal target for this measure.
Core Training **Lag Indicator** **Measured: Quarterly** **Lead: Human Resources**	This measure indicates an average percentage of core training completion across eligible employees on the six core training modules within SaskGaming's Core Learning Program: • Orientation • Access to Information & Privacy • Health & Safety for New Workers • Diversity and Inclusion in the Workplace • Respectful Workplaces • Responsible Gaming Level I	Objectively measure the percentage of core training completion across all SaskGaming's workforce. Serves as a complement to the Service Component of Guest Satisfaction measure above, which measures training effectiveness in terms of the quality of service provided to guests.	Core Training is calculated as an average across all employees. Core Training % = total modules completed /# of employees /6 x 100 Employees who are on leave of absence and some casual employees are ineligible in this measure.	2013 was the first year the Core Learning Program was fully implemented. The corporation is tracking to exceed its 2013 target of 20% by a wide margin. Based on this experience, corporation is increasing its 2014 target to 60.0%. This indicates that, on average, each employee will have completed between 3 and 4 of the 6 required core learning modules. This represents substantial progress given the relatively large number of employees in the corporation (despite the substantial reduction in out-of-scope employees in October 2013).

Measure	Description	Purpose	Methodology	2014 Target Explanation
Employee Experience Excellence				
Employee Absenteeism **Lag Indicator** **Measured Quarterly** **Lead: Human Resources**	This measure indicates the share of employees who are absent from work due to illness with or without pay, injury, leave without pay and pressing necessity.	Excessive absenteeism leads to higher labour costs from increased overtime and/or staffing levels. This measure will be used to track the corporation's progress in reducing absenteeism levels with its Attendance Support Program.	Employee Absenteeism is a weighted average of absenteeism rates by union and non-union staff. Employee Absenteeism Rate = [(Unionized employees absent hours + Non-Union Employees absent hours)/ (Unionized employees total work hours + Non-Union Employees total work hours)] x 100	While this is a new measure for 2014, SaskGaming has tracked this measure internally in previous years. The 9.0% target has been set based on stabilizing the upward trend exhibited over the past three years: • 2011 = 7.4%; • 2012 = 7.7%; and • 2013 = 9.3%
Aboriginal Representation **Lead indicator** **Measured Quarterly** **Lead: Human Resources**	This measure focuses our employee attraction and retention efforts to achieve 50% Aboriginal representation as per the framework agreement with the Federation of Saskatchewan Indian Nations (FSIN). SaskGaming also works toward meeting other Saskatchewan Human Rights Commission designated work group targets but the emphasis is placed on Aboriginal representation.	A measure of diversity of SaskGaming's workforce.	Using information from the HR information system, a percentage is calculated for each diversity group (number of diversity group employees within a group divided by total number of employees). Note: this calculation does not include 'casual' employees who have not worked in the past three months.	SaskGaming's Aboriginal Representative Workforce Strategy is intended to maintain/increase Aboriginal representation in its workforce. SaskGaming is targeting modest growth in this measure in 2014 to 42 per cent. This target is based on direction provided by SaskGaming's Board of Directors, the corporation's plans to increase its Aboriginal recruitment and retention efforts balanced off by labour market and workforce requirement limitations.

Measure	Description	Purpose	Methodology	2014 Target Explanation
Social Responsibility				
Guest Awareness of Responsible Gaming **Lag Indicator** **Measured Semi-Annually** **Lead: Risk and Compliance**	A measure of casino visitors' awareness of the responsible gaming information and support programs we offer.	SaskGaming is committed to offering casino entertainment in a socially responsible manner. This includes providing all guests with information and education about the casino environment so they can make informed, responsible choices about their play. Responsible gaming is a pillar of SaskGaming's Corporate Social Responsibility Framework.	Exit surveys are conducted on a semi-annual basis as guests are leaving the properties. The Guest Awareness of Responsible Gaming question in the Guest Satisfaction Survey asked "Are you aware of any responsible gaming programs or advertised campaigns support by SaskGaming and Casino Regina/Moose Jaw?" Respondents answered using a five-point Likert Scale answer format (i.e. respondents choose an answer from 'very aware', 'aware', 'somewhat aware', 'not aware' and 'unsure'). The measure sums all the respondents who indicated they are somewhat aware, aware, or very aware. The scores from CR and CMJ are weighted on an 80/20 basis. This rule of thumb reflects the relative importance of each location relative to the total along a number of variables (e.g. revenues, guest count, workforce, populations, etc).	SaskGaming had a score of 64.4% in the Q2 2013 Guest Satisfaction Survey. SaskGaming chose a target of 60.0%. This is because the score is expected to be artificially high since the Q2 2013 Guest Satisfaction Survey was completed during the corporation's annual Responsible Gaming Awareness Week campaign in May 2013.
Public Opinion of Community Support **Lag Indicator** **Measured Annually** **Lead: Marketing**	A measure of public opinion in Saskatchewan of SaskGaming's performance in supporting and giving back to the community.	SaskGaming is committed to enhancing the quality of life for Saskatchewan people. This includes reaching out to communities with support, volunteerism and sponsorship of worthwhile events and organizations. Community support is a pillar of SaskGaming's Corporate Social Responsibility Framework.	As part of an online, web-based provincial survey, respondents are asked "How well is SaskGaming doing at giving back to the community through charitable or community donation and sponsorships?" Respondents answer using a five-point Likert Scale answer format (i.e. respondents choose an answer from 'very well', 'well', 'somewhat well', 'not well' and 'unsure'). The measure sums all the respondents who indicated that the casinos do somewhat well, well, or very well.	The 2013 score for the Public Opinion of Community Support is 48.4 per cent. SaskGaming is following a multi-year plan to reduce its expenditures on community support to one per cent of its Net Income before Payment to the GRF. The corporation believes that, with the planned reduction of expenditures in the Community Relations program, an appropriate, sustainable target for this measure is 50.0%.

Measure	Description	Purpose	Methodology	2014 Target Explanation
Social Responsibility				
Aboriginal Sponsorship **Lag indicator** **Measured Annually** **Lead: Marketing**	The percentage of SaskGaming's sponsorship expenditures that are directed to Aboriginal individuals, organizations or programs.	SaskGaming is targeting a specific percentage of its annual sponsorship expenditures toward Aboriginal people. The corporation's Community Giving strategy states that it will place a priority on supporting initiatives that positively influence the lives of Aboriginal people, and/or support improved education and pre-employment training for Aboriginal people who reside near its core communities.	Percentage of SaskGaming's total sponsorship through its Community Giving program that are directed to Aboriginal individuals, organizations or programs. Organizations or programs applying for sponsorships will be asked to identify whether their project/event targets or benefits Aboriginal people.	The Aboriginal Sponsorship measure was new in 2012 with previous targets set based on previous sponsorship activity. The 2014 target of 22.0% is set based on an incremental growth path to achieve the long-term optimal target of 25%.
Sustainable Corporation				
Guest Count **Lead Indicator** **Measured Daily** **Lead: Marketing**	Guest count measures the number of guests visiting CR and CMJ annually.	Guest count measures are used to evaluate the success of attraction programming, including promotions, to establish revenue targets and calculate profitability of Players Club states.	Guest count is measured by sensors in the entrance areas that count the number of times guests enter or exit the facility. One guest visiting three times counts as three guests.	Guest Count declined in 2013 due to the impact of very poor weather in Q1 and the impact of SLGA's upgrade of its VLT network completed in April 2013. SaskGaming has set its 2014 Guest Count targets at 2.2 per cent below its 2013 Budget targets but 0.9 per cent above its 2012 actuals. The 2014 targets for CR and CMJ are as follows: CR: 2,905,900 CMJ: 753,500 Total: 3,659,400
Net Average Guest Spend **Lag Indicator** **Measured Quarterly** **Lead: Operations**	This is a measure of how much each guest, on average, spends per visit to Casinos Regina and Moose Jaw. This measures $/visit.	The Net Average Guest Spend measure is used to evaluate the success of marketing activities to increase guest spend per visit. Combined with Guest Count, this measure is used to establish revenue targets and calculate profitability of Players Club states.	Net Average Guest Spend = Net Revenues/Total Guest Visits	The 2014 Budget target is $36.73 per guest. This target is crafted upon SaskGaming's expectation that average guest spend will continue to decline in the short-term before it returns to an upward track through the forecast period.

Measure	Description	Purpose	Methodology	2014 Target Explanation
Sustainable Corporation				
Income before Payment to GRF **Lag indicator** **Measured Quarterly** **Lead: Finance and Administration**	A measure of profitability over a period of time.	Net income is typically used by investors and lenders as a determination of the firm's profitability. As such, this measure shows income before payment to the Government of Saskatchewan's General Revenue Fund (GRF) since the GRF payment is a distribution of income, similar to dividends being paid by private corporation, and does not reflect SaskGaming's operations.	Revenue – (operating expenses + interest expense + depreciation + taxes).	The 2014 Budget target is $50.4M. This is approximately $2.6M less than the $52.8M in the 2013 Budget but is significantly higher than the $41.2M anticipated in its Q3 2013 forecast. A rebound in revenue growth is expected in 2014 as the 'honeymoon' effect from VLTs wears off, increased promotions, replacement of the least popular slot machines as well as the addition of the new VIP Lounge and the revamped Players Club program all contribute to increase guest visitation and spending. The other major contributor will be the anticipated reduction of labour expense due to the organizational restructuring in 2013.
EBITDA Margin **Lag indicator** **Measured Quarterly** **Lead: Finance and Administration**	SaskGaming has chosen to use Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) as an operational efficiency measure.	EBITDA margin is used by investors and lenders as a determination of the firm's profitability.	(Revenue – Direct operating expenses)/Revenue * 100%	The 2014 target is 48.6%, which is slightly higher than the 47.9% in the 2013 Budget but significantly higher than the Q3 forecast of 43.0%. This is due to an increase in budgeted revenues and a reduction in expenses.
Debt EBITDA (DE) Ratio **Lag indicator** **Measured Quarterly** **Lead: Finance & Administration**	This provides an estimate of the minimum length of time it could take SaskGaming to repay its debt from operating income.	It measures the organization's capacity to repay debt on a timely basis. SaskGaming worked with a consultant (HLT Advisory) in determining a number of new financially related measures. The Debt EBITDA Ratio replaces the Debt/Equity Ratio previously used based on the consultant's advice that the Debt/ Equity Ratio is not an appropriate metric to measure solvency for the gaming industry in Canada because there is little equity since there is minimal paid-in capital and retained earnings due to government policy.	DE = Total debt/EBITDA	The 2014 target is 0.15 and is below the 2013 Budget target of 0.26. This is based on expected long-term debt repayment in 2014, no additional debt requirement and an anticipated rebound in EBITDA in 2014 relative to 2013.

Measure	Description	Purpose	Methodology	2014 Target Explanation
Sustainable Corporation				
Capital Asset Turnover (CAT) Ratio **Lag Indicator** **Measured Annually** **Lead: Finance and Administration**	Represents SaskGaming's ratio of revenues to capital assets.	The casino gaming industry is capital intensive. The CAT Ratio measures SaskGaming's effectiveness at generating revenues from its capital assets (investments).	CAT = Revenue/Capital Assets	The 2014 target is 2.1, which is the same as the 2013 Budget target. This is due to a decline in the capital asset base, with no major expenditures anticipated.
Payroll Margin **Lag indicator** **Measured Quarterly** **Lead: Finance and Administration**	Measures the ratio of payroll to revenue	Payroll is a significant operating cost of a casino. Payroll margin indicates if the use of payroll is efficient and effective, ensuring the financial success of the operation.	Payroll Margin = Total Payroll (Salaries, Wages and Benefits)/ Revenue *100	The 2014 target is 29.9%. This is less than the 30.8% target in the 2013 Budget and the Q3 2013 forecast of 35.1%. These results are driven by an expected rebound in revenue in 2014 over 2013 Q3 forecast to levels similar to originally expected in the 2013 Budget. This, combined with a reduction in salary expense through FTE management, will cause Payroll Margin to decrease in 2014.

SaskGaming